CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY MANAGER
TONY CARSON

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CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

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C I T Y O F F O R N E Y

February 11, 2020

Honorable Mayor and City Council
City of Forney
Forney, Texas

Dear Mayor and Council Members,

The Comprehensive Annual Financial Report ("CAFR") of the City of Forney, Texas, for the year ended September 30, 2019, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP., have issued an unqualified ("clean") opinion on the City of Forney's financial statements for the year ended September 30, 2019. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

General Information – City of Forney

The City of Forney ("City") was incorporated in 1910 and currently has an estimated population of 23,470. The City operates as a Home Rule City, under a Council-Manager form of government with the Mayor and six Council members elected at large.

The City's major operations include police and fire protection, planning, building inspections, finance, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

101 E. Main Street. ★ P.O. Box 826 ★ Forney, Texas 75126 ★ 972.564.7300 ★ cityofforney.org

Economic Conditions and Outlook

Forney, Texas is one of the fastest growing communities in the DFW area. Strategically located between Highway 80 and Interstate 20, population has increased 60% in the last decade. Despite the increasing population, the city has managed to maintain a vibrant, family-centered lifestyle and community leaders carefully weigh growth opportunities against quality of life issues and sustainability. The City continues to work with developers to expand and diversify available retail opportunities with the Forney Marketplace and Gateway developments.

Economic conditions continue to present challenges in budget development and forecasting. However, moderate growth continues in several key indicators. Sales tax continues to trend upward and ended the year with a 12.79% increase over the previous year's collections. New construction remains very active. These factors coupled with planned projects scheduled to begin in the near future, cause us to remain optimistic regarding Forney's future opportunities.

Major Initiatives

The City Council has identified Strategic Plan Objectives, and most of the major initiatives are directly related to those objectives. Major initiatives for 2019 focused on reconstructing or repairing streets, improving parks and recreation opportunities, and improving the downtown area to attract new business. Additionally, sewer infrastructure was expanded to provide capacity to the Gateway development and to encourage commercial growth.

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City Manager's Office, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager's Office and the City Council concurrent with review of the proposed budget. The re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

In an effort to stay within budget, the Assistant Finance Director reviews expenses weekly and provides each department director their departments expense report. Each department director reviews their report and directs any questions to the Assistant Finance Director for further review. The Assistant Finance Director also provides the City Manager's Office and City Council with a monthly summary budget report.

General Government Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2015-2016	0.698483
2016-2017	0.651111
2017-2018	0.621111
2018-2019	0.621111

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded Certificate of Achievement for Excellence in Financial Reporting to the City of Forney for its comprehensive annual financial report for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine eligibility of another certificate.

Certificate of Recognition for Budget Preparation

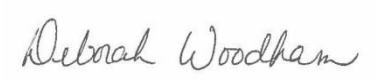
The Government Finance Officers Association of the United States and Canada ("GFOA") presented a Distinguished Budget Presentation Award to the City of Forney for its annual budget for the Fiscal Year beginning October 1, 2018. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,



Deborah Woodham
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Forney Texas

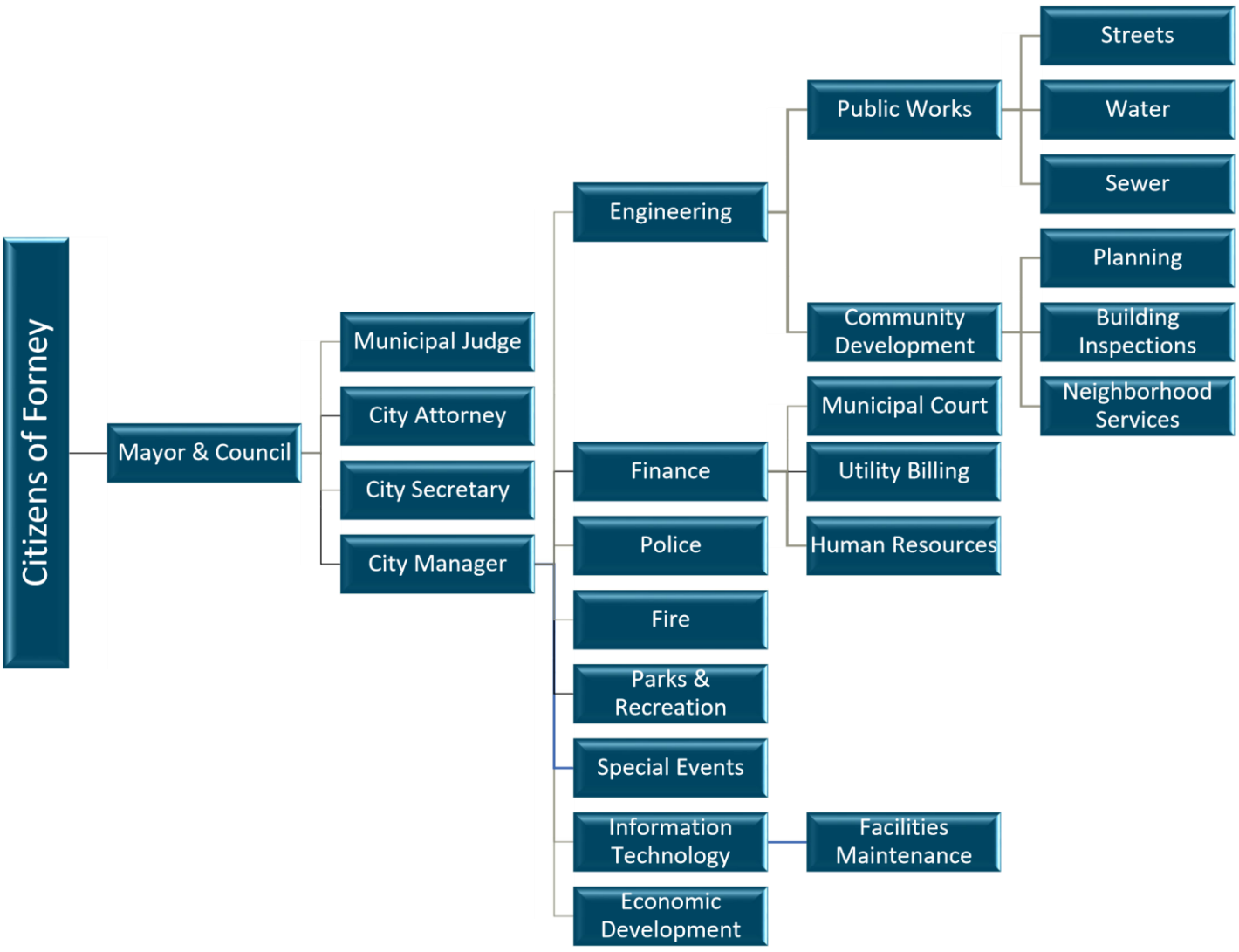
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY ORGANIZATION CHART



CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

Mary Penn
MAYOR

CITY COUNCIL

Mike Thomas	Place 1
Shaun Myers	Place 2
Robbie Powers	Place 3
Kevin Moon	Place 4
Derald Cooper	Place 5
David Johnson	Place 6

Tony Carson
CITY MANAGER

Deborah Woodham
DIRECTOR OF FINANCE

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FINANCIAL SECTION

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PB&H

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Forney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Forney, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Forney, Texas' Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forney, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020 on our consideration of the City of Forney, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Forney, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the City of Forney (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $95,346,337 (net position). Of this amount, $25,889,340 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,025,781. The increase from operations was due to an increase in governmental activities net position largely due to an increase in property taxes revenue and sales taxes revenue, and business-type activities net position due to an increase in charges for services revenue.

- At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $20,817,823, a decrease of $4,973,276 or 19%, in comparison with the prior year. The majority of this decrease is due to an increase in capital outlays related to construction in progress.

- The City's total bonded debt decreased by $6,595,000, or 12%, during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements (pages 11-16) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 17-26) are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplemental information is provided to show details about the City's budgetary information and pension plan and OPEB plans.

Government-wide financial statements — The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both the government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City. The final category is the component unit.

The government-wide financial statements are on pages 11-16 of this report.

Fund financial statements — The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

Governmental funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Roadway Impact Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information. The governmental fund financial statements can be found on pages 17-22 of this report.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary funds — The City of Forney has one type of proprietary fund which is the Utility Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary funds — Fiduciary funds are used to account for amounts held on behalf of others by the City as a trustee, or fiduciary. The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. All of the City's fiduciary activities are reported in a separate Statements of Fiduciary Assets and Liabilities. The activities of this fund are excluded from the City's other financial statements because the City cannot use these assets to finance its' operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The fiduciary funds financial statement can be found on page 26.

Notes to the financial statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27-55 of this report.

Other Information — In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's budgetary information and progress in funding its obligation to provide pension benefits and OPEB benefits to its employees and retirees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund statements can be found on pages 64-69 of this report.

CITY OF FORNEY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 36,126,206	$ 43,952,884	$ 25,160,363	$ 30,733,371	$ 61,286,569	$ 74,686,255
Capital assets	62,259,815	57,814,342	30,161,858	22,008,099	92,421,673	79,822,441
Total assets	98,386,021	101,767,226	55,322,221	52,741,470	153,708,242	154,508,696
Deferred outflows of resources	3,075,473	1,698,409	285,279	164,822	3,360,752	1,863,231
Long-term liabilities outstanding	52,435,560	56,919,861	4,421,673	4,847,935	56,857,233	61,767,796
Other liabilities	2,361,504	1,292,260	1,925,371	1,772,503	4,286,875	3,064,763
Total liabilities	54,797,064	58,212,121	6,347,044	6,620,438	61,144,108	64,832,559
Deferred inflows of resources	526,715	1,096,645	51,834	122,167	578,549	1,218,812
Net position:						
Net investment, in capital assets	16,969,844	9,091,396	26,259,404	17,536,902	43,229,248	26,628,298
Restricted	24,717,558	29,818,164	1,510,191	6,111,159	26,227,749	35,929,323
Unrestricted	4,450,313	5,247,309	21,439,027	22,515,626	25,889,340	27,762,935
Total net position	$ 46,137,715	$ 44,156,869	$ 49,208,622	$ 46,163,687	$ 95,346,337	$ 90,320,556

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Forney exceeded the liabilities and deferred inflows of resources by $95,346,337 as of September 30, 2019. The City's net position increased by $5,025,781 for fiscal year ended September 30, 2019.

Net Investment in Capital Assets – The largest portion of the City's net position, 45%, reflects the City's net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted Net Position – The restricted net position of $26,227,749, or 28% of total net position represents resources that are subject to external restrictions or their use, or by enabling legislation. Restricted net position is comprised of state imposed restrictions; namely 11% for impact fees, 29% for courts fees restricted for use within the municipal court, tourism related to the collection hotel occupancy taxes, and capital projects and 60% contractual obligations for debt from property taxes.

Unrestricted Net Position – Unrestricted net position of $25,889,340 is available to fund City programs to citizens and obligations to creditors.

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 4,305,767	$ 4,701,667	$ 20,313,579	$ 19,212,584	$ 24,619,346	$ 23,914,251
Operating grants and contributions	226,959	222,298	1,693,133	7,458,792	1,920,092	7,681,090
Capital grants and contributions	4,648	361,254	-	-	4,648	361,254
General revenues:						
Property taxes	10,470,757	9,707,103	-	-	10,470,757	9,707,103
Franchise taxes	3,418,342	3,538,039	-	-	3,418,342	3,538,039
Sales taxes	6,351,122	5,749,249	-	-	6,351,122	5,749,249
Other taxes	185,150	191,948	-	-	185,150	191,948
Investment income	(540,886)	497,765	(549,479)	126,441	(1,090,365)	624,206
Gain on disposal of capital assets	21,578	-	6,383	-	-	-
Miscellaneous	77,082	93,206	37,095	4,682	114,177	97,888
Total revenues	24,520,519	25,062,529	21,500,711	26,802,499	45,993,269	51,865,028
Expenses:						
General government	5,735,228	4,537,043	-	-	5,735,228	4,537,043
Public safety	10,351,567	9,595,555	-	-	10,351,567	9,595,555
Public works	3,241,666	2,254,535	-	-	3,241,666	2,254,535
Public services and operations	1,023,882	1,615,487	-	-	1,023,882	1,615,487
Parks and recreation	2,635,064	2,494,562	-	-	2,635,064	2,494,562
Interest on long-term debt	1,662,180	1,875,357	-	-	1,662,180	1,875,357
Utilities	-	-	16,345,862	13,558,970	16,345,862	13,558,970
Total expenses	24,649,587	22,372,539	16,345,862	13,558,970	40,995,449	35,931,509
Increases in net position before transfers and extraordinary item (expense)	(129,068)	2,689,990	5,154,849	13,243,529	5,025,781	15,933,519
Transfers	2,109,914	1,031,984	(2,109,914)	(1,031,984)	-	-
Increase (decrease) in net position	1,980,846	3,721,974	3,044,935	12,211,545	5,025,781	15,933,519
Net position, beginning	44,156,869	40,550,328	46,163,687	33,965,002	90,320,556	74,515,330
Prior period adjustments	-	(115,433)	-	(12,860)	-	(128,293)
Net position, beginning, as restated	44,156,869	40,434,895	46,163,687	33,952,142	90,320,556	74,387,037
Net position, ending	$ 46,137,715	$ 44,156,869	$ 49,208,622	$ 46,163,687	$ 95,346,337	$ 90,320,556

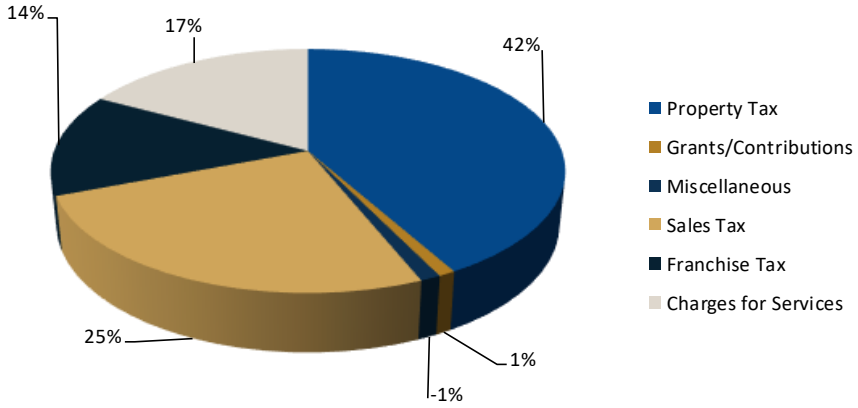
Governmental activities increase in net position before transfers and extraordinary expense decreased by $2,819,058, primarily due to a decrease in investment income.

Business-type activities increase in net position before transfers and extraordinary expense decreased by $8,088,680. This is due to a decrease in investment income and a decrease in operating grants and contributions. Also, due to the increase in expenses, the percentage of revenues over expenses decreased 33% compared to the prior year.

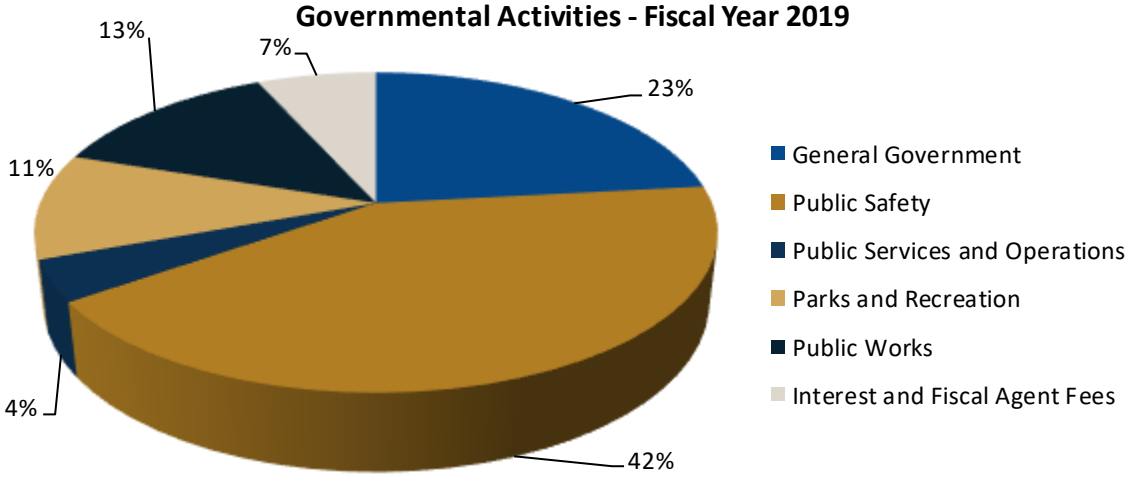
Governmental-type activities – Governmental-type activities, increased the City's net position by $1,980,846. A key element of this increase is as follows:

Property tax revenue increased due to an increase in appraised values. Additionally, governmental activity expenses remained overall consistent with the prior period with slight increases in general government and public safety expenses and slight decreases in public services and operations and interest on long-term debt.

Revenues - Governmental Activities
Fiscal Year 2019 (excludes transfers)



Primary Government Functional Expenes for Governmental Activities - Fiscal Year 2019



Business-type activities – Business type activities increased the City of Forney's net position by $3,044,935

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Forney uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of the City of Forney's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the city's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the city itself, or a group or individual authorized by the governing body to assign resources for a particular purpose.

At the close of the current fiscal year, the governmental funds reported combined ending fund balances of $20,817,823, a decrease of $4,973,276, or 19% in comparison with the prior year. The components of total fund balances are as follows:

Restricted fund balances of $13,730,816 consist of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Obligations for bonded debt is $3,048,330, or 23%, and debt proceeds for capital expenditures of $8,802,955, or 64%, account for the majority of restricted fund balances. Restrictions imposed by legislation amounts to $1,879,531 or 14%.

Committed fund balance of $32,756 is for the police department as imposed by City Council for specific purposes.

Assigned fund balance of $7,054,251 is for special projects and use in the subsequent year's budget as imposed by City Council or City Management for specific purposes.

As a measure of the General Fund's liquidity, it is useful to compare fund balance to total General Fund expenditures. Total fund balance equates to 37% of total General Fund expenditures.

Significant changes in fund balances of major funds are as follows:

The General Fund's fund balance decreased by $846,899 or 11%, due to the increase transfers to the CIP Fund.

The Debt Service Fund's fund balance decreased by $592,862, or 16%, due to principal and interest expenditures for two bond issues being paid from fund balance.

The Roadway Impact Fund's fund balance increased by $1,202,826, or 1208%, due to an increase in impact fees received.

The Capital Projects Fund's fund balance decreased by $4,948,094, or 36%, largely due to a $4,895,104 increase in capital outlay expenditures.

Proprietary Funds

The City of Forney's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $21,439,027.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts mainly in the areas of property tax, sales tax, franchise tax, and license and permit revenues. Expenditures were significantly less than budgeted amounts in public safety due to salary savings from vacant positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to $92,421,673 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, vehicles and construction in progress. This amount represents a net increase (including additions and deductions) or $12,599,232 (net of accumulated depreciation) from the prior fiscal year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Roadway improvements
- Water and sewer line improvements

CITY OF FORNEY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	$5,017,448	$5,017,448	$703,953	$703,953	$5,721,401	$5,721,401
Infrastructure	27,625,572	27,625,572	16,745,797	13,735,685	44,371,369	41,361,257
Buildings and improvements	12,499,890	12,499,890	-	-	12,499,890	12,499,890
Machinery and equipment	3,003,058	3,003,058	537,029	205,240	3,540,087	3,208,298
Construction in progress	14,113,847	9,668,374	12,175,079	7,363,221	26,288,926	17,031,595
Total	$ 62,259,815	$ 57,814,342	$ 30,161,858	$ 22,008,099	$ 92,421,673	$ 79,822,441

More detailed information about capital assets is presented on pages 38-39 in the notes to the financial statements.

CITY OF FORNEY'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds and certificates of obligation	$ 28,285,000	$ 30,725,000	$ 3,910,000	$ 4,480,000	$ 32,195,000	$ 35,205,000
Pass-through toll revenue and limited tax bonds	14,980,000	18,565,000	-	-	14,980,000	18,565,000
Tax Notes	1,505,000	1,780,000	-	-	1,505,000	1,780,000
Notes payable	356,031	445,729	-	-	356,031	445,729
Total	$ 45,126,031	$ 51,515,729	$ 3,910,000	$ 4,480,000	$ 49,036,031	$ 55,995,729

The City's long term debt decreased by $6,959,698 due to payments made throughout the year. More detailed information about the long-term obligations is presented on pages 40-43 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged for the business-type activities. The financial forecast presented to the City Council projects an increase in the General Fund revenues of $2,646,050 or 13.8%. This increase is primarily due to increased property tax and sales tax revenues. Significant increases are also expected in permit and inspections and interest revenues.

Assessed property values grew approximately 16.72% for 2019 which will increase property tax revenue in the upcoming budget for secured and unsecured property taxes to be collected in FY 2020. The property tax rate for fiscal year 2020 decreased from $0.621111 to $0.58 per $100 assessed value; however, tax revenue will increase approximately $622,197.
The FY 2020 budget includes a 7.7% increase in General Fund expenditures. This increase is primarily the result of increased salary and benefits related costs. There were two new positions and one part time position added for FY 2020 as well as a 5% salary increase for all employees.

North Texas Municipal Water District has indicated that it will impose a 2.4% increase in water purchase cost and a 20% increase in sewage treatment. The Council voted to increase residential and commercial water rates 2.4% and sewer rates 10% as well as increasing garbage rates 5% to cover a portion of the increased cost.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Forney, P.O. Box 826, Forney, Texas 75126-0826.

BASIC
FINANCIAL STATEMENTS

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government	
	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	$ 18,226,509	$ 18,255,820
Receivables (net of allowances for uncollectibles)		
Taxes receivable	1,462,560	-
Accounts receivable	146,299	2,059,602
Intergovernmental receivable	12,920,915	-
Due from primary government	-	-
Internal balances	(2,135,504)	2,135,504
Restricted assets:		
Cash and investments	5,505,427	2,709,437
Capital assets, not being depreciated	14,195,727	12,879,032
Capital assets, being depreciated, net	48,064,088	17,282,826
Total assets	98,386,021	55,322,221
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	503,289	32,150
Deferred outflow related to pension	2,559,590	251,890
Deferred outflow related to other post-employment benefit	12,594	1,239
Total deferred outflows of resources	3,075,473	285,279
LIABILITIES		
Accounts payable	1,514,684	1,387,491
Accrued liabilities	549,936	26,202
Due to other governments	40,552	8,656
Unearned revenue	-	52,924
Accrued interest payable	209,611	16,794
Due to component unit	46,721	-
Customer deposits	-	433,304
Noncurrent liabilities:		
Due within one year:		
Long-term debt	4,537,078	590,000
Compensated absences	119,517	4,212
Due in more than one year:		
Long-term debt	42,642,226	3,344,604
Compensated absences	358,550	12,635
Net pension liability	4,624,480	455,096
Net other post-employment benefit liability	153,709	15,126
Total liabilities	54,797,064	6,347,044
DEFERRED INFLOWS OF RESOURCES		
Deferred resource inflow related to pension	511,350	50,322
Deferred resource inflow related to other post-employment benefit	15,365	1,512
Total deferred inflows of resources	$ 526,715	$ 51,834

The accompanying notes are an integral part of these financial statements.

Primary Government	Component Unit
Total	Forney EDC
$ 36,482,329	$ 3,804,555
1,462,560	401,062
2,205,901	150
12,920,915	-
-	46,721
-	-
8,214,864	6,768
27,074,759	1,918,574
65,346,914	844,068
153,708,242	7,021,898
535,439	-
2,811,480	54,160
13,833	266
3,360,752	54,426
2,902,175	411
576,138	6,185
49,208	-
52,924	-
226,405	10,097
46,721	-
433,304	-
5,127,078	100,000
123,729	1,785
45,986,830	1,630,000
371,185	5,354
5,079,576	97,853
168,835	3,252
61,144,108	1,854,937
561,672	10,820
16,877	325
$ 578,549	$ 11,145

CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government	
	Governmental Activities	Business-type Activities
NET POSITION		
Net investment in capital assets	$ 16,969,844	$ 26,259,404
Restricted:		
Use of impact fees	1,302,367	1,510,191
Debt service	15,863,203	-
Municipal court use	77,089	-
Capital improvements	7,416,911	-
Tourism	57,988	-
Unrestricted	4,450,313	21,439,027
Total net position	$ 46,137,715	$ 49,208,622

The accompanying notes are an integral part of these financial statements.

Primary Government	Component Unit
Total	Forney EDC
$ 43,229,248	$ 1,690,052
2,812,558	-
15,863,203	-
77,089	-
7,416,911	-
57,988	-
25,889,340	3,520,190
$ 95,346,337	$ 5,210,242

CITY OF FORNEY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Function/Program Activities	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	$ 5,735,228	$ 110,018	$ -
Public safety	10,351,567	1,036,729	223,509
Public services and operations	1,023,882	-	-
Parks and recreation	2,635,064	120,984	3,450
Public works	3,241,666	3,038,036	-
Interest and charges on long-term debt	1,662,180	-	-
Total governmental activities	24,649,587	4,305,767	226,959
Business-type activities:			
Utility fund	16,345,862	20,313,579	1,693,133
Total Business-type activities	16,345,862	20,313,579	1,693,133
Total primary government	40,995,449	24,619,346	1,920,092
Component unit:			
Economic Development Corporation	1,103,584	96,427	-
Total Component unit	$ 1,103,584	$ 96,427	$ -
General revenues:			
Property taxes			
Sales taxes			
Franchise taxes			
Other taxes			
Miscellaneous			
Investment income			
Gain on sale of capital assets			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position -- beginning			
Prior Period Adjustment			
Net position -- ending			

The accompanying notes are an integral part of these financial statements.

Program Revenue	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Forney EDC
$ -	$(5,625,210)	$ -	$(5,625,210)	$ -
-	(9,091,329)	-	(9,091,329)	-
-	(1,023,882)	-	(1,023,882)	-
-	(2,510,630)	-	(2,510,630)	-
4,648	(198,982)	-	(198,982)	-
-	(1,662,180)	-	(1,662,180)	-
4,648	(20,112,213)	-	(20,112,213)	-
-	-	5,660,850	5,660,850	-
-	-	5,660,850	5,660,850	-
4,648	(20,112,213)	5,660,850	(14,451,363)	-
-				(1,007,157)
$ -				$(1,007,157)
	10,470,757	-	10,470,757	-
	6,351,122	-	6,351,122	2,117,041
	3,418,342	-	3,418,342	-
	185,150	-	185,150	-
	77,082	37,095	114,177	29
	(540,886)	(549,479)	(1,090,365)	30,947
	21,578	6,383	27,961	-
	2,109,914	(2,109,914)	-	-
	22,093,059	(2,615,915)	19,477,144	2,148,017
	1,980,846	3,044,935	5,025,781	1,140,860
	44,156,869	46,163,687	90,320,556	3,923,789
	-	-	-	145,593
	$ 46,137,715	$ 49,208,622	$ 95,346,337	$ 5,210,242

CITY OF FORNEY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Roadway Impact Fund
ASSETS			
Cash and investments	$ 9,658,250	$ -	$ -
Restricted cash and investments	75,191	3,031,135	1,302,367
Taxes receivable, net	1,341,796	120,764	-
Due from other governments	-	12,920,915	-
Accounts receivable	146,299	-	-
Due from other funds	-	-	-
Total assets	11,221,536	16,072,814	1,302,367
LIABILITIES			
Accounts payable	367,867	-	-
Accrued salaries and wages	549,936	-	-
Due to other funds	2,920,358	-	-
Due to component unit	46,721	-	-
Due to other governments	40,552	-	-
Total liabilities	3,925,434	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	132,006	13,024,484	-
Total deferred inflows of resources	132,006	13,024,484	-
FUND BALANCES			
Restricted for:			
Debt service	-	3,048,330	-
Use of impact fees	-	-	1,302,367
Capital improvements	-	-	-
Municipal court use	77,089	-	-
Tourism	-	-	-
Public Improvement District	-	-	-
Committed for:			
Police	32,756	-	-
Assigned for:			
General reserve	4,250,707	-	-
Subsequent year's budget	2,803,544	-	-
Total fund balances	7,164,096	3,048,330	1,302,367
Total liabilities, deferred inflows, and fund balances	$ 11,221,536	$ 16,072,814	$ 1,302,367

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ 8,407,525	$ 160,734	$ 18,226,509
756,883	339,851	5,505,427
-	-	1,462,560
-	-	12,920,915
-	-	146,299
784,854	-	784,854
9,949,262	500,585	39,046,564
1,146,307	510	1,514,684
-	-	549,936
-	-	2,920,358
-	-	46,721
-	-	40,552
1,146,307	510	5,072,251
-	-	13,156,490
-	-	13,156,490
-	-	3,048,330
-	-	1,302,367
8,802,955	-	8,802,955
-	-	77,089
-	57,988	57,988
-	442,087	442,087
-	-	32,756
-	-	4,250,707
-	-	2,803,544
8,802,955	500,075	20,817,823
$ 9,949,262	$ 500,585	$ 39,046,564

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - governmental funds		$ 20,817,823
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		62,259,815
Revenue reported as unavailable revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements		
Property taxes	107,021	
Property tax penalties and interest	91,400	
Court fines and fees	37,154	
Pass-through toll grant	12,920,915	
		13,156,490
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.		(209,611)
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.		
Bonds payable	(43,265,000)	
Premiums and discounts on bonds payable	(2,053,274)	
Notes payable	(1,861,030)	
Compensated absences	(478,067)	
Net pension liability	(4,624,480)	
Net other post-employment benefit liability	(153,709)	
Deferred loss on bond refunding	503,289	
Deferred outflows and inflows related to pension	2,048,240	
Deferred outflows and inflows related to other post-employment benefit	(2,771)	
		(49,886,802)
Net position of governmental activities		$ 46,137,715

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Roadway Impact Fund
REVENUES			
Property taxes	$ 6,118,063	$ 3,559,526	$ -
Sales taxes	6,351,122	-	-
Hotel/motel taxes	-	-	-
Franchise taxes	3,418,342	-	-
Beverage taxes	56,171	-	-
Licenses and permits	1,471,601	-	-
Intergovernmental revenues	325,379	4,019,140	-
Charges for services	1,213,491	-	-
Impact fees	-	-	1,161,161
Fines and forfeitures	260,477	-	-
Investments earnings	(652,769)	29,382	41,665
Contributions and donations	4,648	-	-
Miscellaneous	106,101	-	-
Total revenues	18,672,626	7,608,048	1,202,826
EXPENDITURES			
Current:			
General government	5,361,134	-	-
Public safety	9,416,004	-	-
Public works	1,892,571	-	-
Public services and operations	990,379	-	-
Culture and recreation	1,797,128	-	-
Debt service:			
Principal	-	6,389,699	-
Interest	-	1,912,612	-
Capital outlay	-	-	-
Total expenditures	19,457,216	8,302,311	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(784,590)	(694,263)	1,202,826
OTHER FINANCING SOURCES (USES)			
Transfers in	2,551,682	101,401	-
Transfers out	(2,634,078)	-	-
Sale of capital assets	20,087	-	-
Insurance recoveries	-	-	-
Total other financing sources (uses)	(62,309)	101,401	-
NET CHANGE IN FUND BALANCE	(846,899)	(592,862)	1,202,826
FUND BALANCE - BEGINNING	8,010,995	3,641,192	99,541
FUND BALANCE - ENDING	$ 7,164,096	$ 3,048,330	$ 1,302,367

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ 362,941	$ 394,443	$ 10,434,973
-	-	6,351,122
-	128,979	128,979
-	-	3,418,342
-	-	56,171
-	-	1,471,601
-	-	4,344,519
60,000	-	1,273,491
-	-	1,161,161
-	-	260,477
33,867	6,969	(540,886)
-	-	4,648
-	-	106,101
456,808	530,391	28,470,699
50	277,638	5,638,822
-	-	9,416,004
901,606	-	2,794,177
-	-	990,379
-	-	1,797,128
-	-	6,389,699
-	-	1,912,612
6,661,455	-	6,661,455
7,563,111	277,638	35,600,276
(7,106,303)	252,753	(7,129,577)
3,865,047	-	6,518,130
(1,733,138)	(41,000)	(4,408,216)
-	-	20,087
26,300	-	26,300
2,158,209	(41,000)	2,156,301
(4,948,094)	211,753	(4,973,276)
13,751,049	288,322	25,791,099
$ 8,802,955	$ 500,075	$ 20,817,823

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds:	$(4,973,276)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays for the fiscal year.	6,867,946
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(2,399,710)
Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	6,389,699
In governmental fund financial statements, the proceeds from sale of asset is shown as an increase in financial resources. In government-wide financial statements, the gain or loss is calculated and reported.	(22,763)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	51,158
Premiums, discounts and deferred losses on refunding are recognized in the fund financial statements as other and shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	199,274
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	82,849
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(3,973,804)
Certain pension and other post-employment (OPEB) expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows and inflows. These items relate to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and OPEB liabilities were amortized.	(240,527)
Change in net position - statement of activities	$ 1,980,846

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-Type Activities
	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 8,239,008
Investments	10,016,812
Restricted cash and cash equivalents	2,709,437
Accounts receivable, net	2,059,602
Due from other funds	2,135,504
Total current assets	25,160,363
Noncurrent assets:	
Capital assets not being depreciated	12,879,032
Capital assets (net of accumulated depreciation)	17,282,826
Total noncurrent assets	30,161,858
Total assets	55,322,221
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	32,150
Deferred outflow related to pensions	251,890
Deferred outflow related to other post-employment benefit	1,239
Total deferred outflows of resources	285,279
LIABILITIES	
Current liabilities:	
Accounts payable	1,387,491
Accrued liabilities	26,202
Accrued interest payable	16,794
Unearned revenue	52,924
Bonds and notes payable- current	590,000
Compensated absences - current	4,212
Due to other governments	8,656
Customer deposits	433,304
Total current liabilities	2,519,583
Noncurrent liabilities:	
Bonds payable	3,344,604
Compensated absences	12,635
Net pension liability	455,096
Net other post-employment benefit liability	15,126
Total noncurrent liabilities	3,827,461
Total liabilities	6,347,044
DEFERRED INFLOWS OF RESOURCES	
Deferred resource inflow related to pension	50,322
Deferred resource inflow related to other post-employment benefit	1,512
Total deferred inflows of resources	51,834
NET POSITION	
Net investment in capital assets	26,259,404
Restricted for user impact fees	1,510,191
Unrestricted	21,439,027
Total net position	$ 49,208,622

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Utility Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer sales	$ 18,012,793
Refuse collection	862,545
Impact fees	1,438,241
Miscellaneous revenue	37,095
Total operating revenues	20,350,674
OPERATING EXPENSES	
Personnel services	1,274,208
Supplies and materials	103,863
Maintenance and repair	1,540,764
Contracted services	578,854
Water purchases	9,294,879
Interceptor fees	1,947,711
Refuse collection	715,548
Depreciation	745,546
Total operating expenses	16,201,373
OPERATING INCOME	4,149,301
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	1,693,133
Investment earnings	(549,479)
Gain on disposal of capital assets	6,383
Interest expense	(144,489)
Total nonoperating revenues (expenses)	1,005,548
INCOME BEFORE TRANSFERS	5,154,849
Transfers in	352,034
Transfers out	(2,461,948)
CHANGE IN NET POSITION	3,044,935
TOTAL NET POSITION - BEGINNING	46,163,687
TOTAL NET POSITION - ENDING	$ 49,208,622

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMNET OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 22,486,462
Payments to suppliers and service providers	(13,823,994)
Payments to employees for salaries and benefits	(1,511,292)
Net cash provided by (used for) operating activities	7,151,176
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	1,693,133
Transfers in from other funds	352,034
Transfers to other funds	(2,461,948)
Net cash provided by (used for) noncapital financing activities	(416,781)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(8,899,305)
Proceeds from the disposal of capital assets	6,383
Payments on long-term debt	(570,000)
Interest paid on capital debt	(145,920)
Net cash provided by (used for) capital and related financing activities	(9,608,842)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	(549,479)
Proceeds from sale of investments	717,460
Net cash provided by (used for) investing activities	167,981
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,706,466)
CASH AND CASH EQUIVALENTS - BEGINNING	13,654,911
CASH AND CASH EQUIVALENTS - ENDING	10,948,445
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
Operating income (loss)	4,149,301
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	745,546
(Increase) decrease in accounts receivable	(18,415)
(Increase) decrease in interfund receivables	2,167,497
Increase (decrease) in accounts payable	142,615
Increase (decrease) in accrued liabilities	2,325
Increase (decrease) in other liabilities	728
Increase (decrease) in customer deposits	23,910
Increase (decrease) in unearned revenues	(14,022)
Increase (decrease) in net pension liability	(9,196)
Increase (decrease) in net OPEB liability	491
Increase (decrease) in compensated absences	(39,604)
Total adjustments	3,001,875
Net cash provided by (used for) operating activities	$ 7,151,176

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	Agency Developers Escrow
ASSETS	
Cash and investments	$ 1,191,187
Total assets	1,191,187
LIABILITIES	
Developer's Escrow	1,191,187
Total liabilities	$ 1,191,187

The accompanying notes are an integral part of these financial statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Forney ("City") was originally incorporated in 1910 and operates under a home rule charter adopted in an election held November 4, 1997 and a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, engineering, water distribution, sewer collection, recreation, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accounts in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board when applicable. The more significant accounting policies of the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units."

Under GASB 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements.

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component unit have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely Presented Component Unit

The City has one component unit, Forney Economic Development Corporation ("EDC"). The EDC was incorporated September 15, 1994 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. Thus, the EDC is legally separate, but due to the City appointing the voting majority of the EDC board, it is classified as a discretely presented component unit. The funding for the EDC occurs by the City transferring ¼ of City sales tax collections to the EDC. Adding the creation of the EDC to the resources currently available will more than double the current ability to assist economic development prospects. All of the EDC funding can be used for direct assistance to business prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement applied. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements and fiduciary fund statements. The economic resources measurement focus means all assets, deferred outflows/inflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from this fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The ***Roadway Impact Fund*** special revenue fund accounts for the resources accumulated in the form of roadway impact fees for maintenance and operations of infrastructure and future projects.

The ***Capital Projects Fund*** accounts for the acquisition or construction of infrastructure and building projects being financed from bond proceeds, grants, and transfers from other funds.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The ***Utility Fund*** accounts for the operation of the City's water and sanitary sewer utility and trash collection which are self-supporting activities rendering services on a user-charge basis.

Agency Funds

Agency funds account for amounts held on behalf of others by the City as a trustee, or fiduciary. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use them to finance its operations. The City is responsible for ensuring that the assets reported as used for their intended purpose. The following is a description of the fiduciary fund of the City.

The ***Developers Escrow Fund*** is used to account for assets held by the City in an agency capacity for developers. This fiduciary fund records only assets and liabilities and therefore has no measurement focus.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, and then use the unrestricted resources as needed.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Fund Balance or Net Position

1. Cash and Investments

Cash of all funds is pooled into a common interest-bearing bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond the fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method. The City does not have any prepaid items in the current fiscal year.

3. Interfund Transactions, Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds."

4. Property Taxes and Other Receivables

Property Taxes

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review established appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, of the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceed the rate of the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed value. The City's property tax rate for the current fiscal year is $0.621111 per $100 assessed value.

Allowances for Uncollectible Accounts

Governmental trade and property tax receivables are shown net of an allowance for uncollectibles. All other allowances for uncollectible accounts are based on historical collection rates. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last 20 years.

The allowance for uncollectible accounts for utility billing in the enterprise fund is estimated based on a percentage of aged balances outstanding.

5. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, specific capital additions and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and wastewater services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical if historical cost is not available. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-40
Buildings	20-50
Building Improvements	10-25
Vehicles	5
Office Equipment	5
Machinery and Equipment	5-10

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. All vacation and comp time is accrued at the close of the fiscal year end in the government-wide and proprietary fund financial statements.

8. Long-term Debt

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items, which arise only under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items deferred loss on bond refunding and deferred resource outflows related to the City's pension and other post-employment benefit plans are reported in the statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and notes receivable from TX DOT. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City has two types of deferred inflow of resources that are required to be reported under the full accrual basis of accounting. These items, deferred resource inflows related to the City's pension and other post-employment benefit plans, are reported in the statement of net position.

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City Council can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or City Manager per the City's Fund Balance Policy.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

It is the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 5% of yearly expenditures. The City considers a balance of less than 5% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance. The City had no unassigned fund balance at the end of the current fiscal year.

12. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

15. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

16. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

II. DEFICIT EQUITY BALANCES

There were no funds with a deficit equity balance.

III. BUDGETS AND BUDGETARY ACCOUNTING

The City's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. The City's fiscal year runs October 1 through September 30.

The following procedures are followed in establishing the budgetary data:

- No later than August 1st, the City management submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The level of control (the level at which expenditures may not exceed budget) is the department level. The City Manager or Director of Finance are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

- Budgets for the General Fund, Debt Service Fund, Roadway Impact Fund, Capital Projects Fund, and Hotel/Motel Tax Fund are legally adopted on a basis consistent with generally accepted accounting principles. The City does not legally adopt a budget for the Fox Hollow PID Fund. The majority of the City's Capital Projects Funds are budgeted on an annual basis. For budgeted capital projects not expended during the fiscal year, the City will roll those balances into the following year's budget.

- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.

- For the year ended September 30, 2019, expenditures exceeded appropriations in administration and public information, municipal court, police, fire, and planning and development departments of the General Fund by $15,341, $2,465, $68,146, $76,873, and $43,719, respectively. These overages were funded by existing fund balance. Principal and interest expenditures exceeded appropriations in the debt service fund by $89,699 and $14,518, respectively. These overages were funded with existing fund balance. Public works expenditures exceeded appropriations in the capital projects fund by $50. These overages were funded with existing fund balance.

IV. CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2019, the City had the following cash and investments:

	9/30/2019	Fair Value Measurement Using (Level 1)	(Level 2)	(Level 3)	Weighted Average Maturity (Days)
Primary government					
Cash and cash equivalents					
Cash deposits - City	$ 1,356,632				
Certificates of deposit	1,582,677				
Total cash and cash equivalents	2,939,309				
Investment pools:					
TexPool	7,223,312				34
TexStar	4,943,328				22
Total investment pools	12,166,640				
Investments by fair value level:					
Debt securities:					
Federal Farm Credit Bank Bonds	$ 7,012,354	$ -	$ 7,012,354	$ -	199
Federal Home Loan Bank Bonds	13,513,629	2,020,362	11,493,267	-	271
Federal National Mortgage Association	2,161,648	-	2,161,648	-	173
Federal Agricultural Mortgage Corporation	2,000,050	-	2,000,050	-	107
Federal Home Loan Mortgage Corporation	5,096,859	499,883	4,596,976	-	320
U.S. Treasury Note	997,891	997,891	-	-	138
Total debt securities	30,782,431	3,518,136	27,264,295	-	
Total cash and investments of the primary government	$ 45,888,380	$ 3,518,136	$ 27,264,295	$ -	
Portfolio weighted average maturity (days)					181
Component unit					
Cash deposits	$ 3,606,760				
Investment pools:					
TexPool	204,563				34
Total cash and investments of the component unit	3,811,323				
Total cash and investments of the reporting entity	$ 49,699,703				

U.S. Agency Bonds and U.S. Treasury Bonds of $3,518,136 were valued using a documented trade history in exact security pricing model (Level 1 input). U.S. Agency Bonds of $11,334,180 were valued using a documented trade history in exact security pricing model (Level 2 input). U.S. GSE of $10,926,277 were valued using an option-adjusted discounted cash flow pricing model (Level 2 input). U.S. GSE of $5,003,838 were valued using a present value of expected future cash flow pricing model. The City invests in external investment pools with a credit rating of AAAm.

Analysis of Specific Deposit and Investment Risks

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of September 30, 2019, the City's deposit balances were fully collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

V. RECEIVABLES

Receivables as of year-end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Proprietary	
	General	Debt Service	Utility	Total
Accounts	$ 294,912	$ -	$ 2,370,896	$ 2,665,808
Taxes	1,397,503	174,789	-	1,572,292
Intergovernmental	-	12,920,915	-	12,920,915
Gross Receivables	1,692,415	13,095,704	2,370,896	17,159,015
Less: Allowance for uncollectibles	(204,320)	(54,025)	(311,294)	(569,639)
Net receivables	$ 1,488,095	$ 13,041,679	$ 2,059,602	$ 16,589,376

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental activities:	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 5,017,448	$ -	$ -	$ -	$ 5,017,448
Construction in progress	9,668,374	4,061,543	-	(4,551,638)	9,178,279
Total assets not being depreciated	14,685,822	4,061,543	-	(4,551,638)	14,195,727
Capital assets, being depreciated:					
Buildings and improvements	17,467,618	-	-	4,487,805	21,955,423
Machinery and equipment	6,890,751	2,831,952	(203,458)	-	9,519,245
Infrastructure	41,000,905	-	-	63,833	41,064,738
Total capital assets being depreciated	65,359,274	2,831,952	(203,458)	4,551,638	72,539,406
Less accumulated depreciation:					
Buildings and improvements	(4,967,728)	(443,072)	-	-	(5,410,800)
Machinery and equipment	(13,375,333)	(1,100,156)	-	881,443	(13,594,046)
Infrastructure	(3,887,693)	(856,482)	155,146	(881,443)	(5,470,472)
Total accumulated depreciation	(22,230,754)	(2,399,710)	155,146	-	(24,475,318)
Total capital assets being depreciated, net	43,128,520	432,242	(48,312)	4,551,638	48,064,088
Governmental activities capital assets, net	$ 57,814,342	$ 4,493,785	$(48,312)	$ -	$ 62,259,815

Business-type activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 703,953	$ -	$ -	$ -	$ 703,953
Construction in progress	7,363,221	8,383,146	-	(3,571,288)	12,175,079
Total assets not being depreciated	8,067,174	8,383,146	-	(3,571,288)	12,879,032
Capital assets, being depreciated:					
Sewer plant & infrastructure	7,975,691	-	-	3,571,288	11,546,979
Water plant & infrastructure	15,270,826	-	-	-	15,270,826
Machinery and equipment	1,545,777	516,159	-	-	2,061,936
Total capital assets being depreciated	24,792,294	516,159	-	3,571,288	28,879,741
Less accumulated depreciation:					
Sewer plant & infrastructure	(2,869,443)	(164,353)	-	-	(3,033,796)
Water plant & infrastructure	(6,641,389)	(396,823)	-	-	(7,038,212)
Machinery and equipment	(1,340,537)	(184,370)	-	-	(1,524,907)
Total accumulated depreciation	(10,851,369)	(745,546)	-	-	(11,596,915)
Total capital assets being depreciated, net	13,940,925	(229,387)	-	3,571,288	17,282,826
Business-type activities capital assets, net	$ 22,008,099	$ 8,153,759	$ -	$ -	$ 30,161,858

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 45,168
Public safety	795,448
Public works	701,731
Public services and operations	26,330
Culture and recreation	831,033
Total depreciation expense - governmental activities	$ 2,399,710
Business-type activities:	
Utility	$ 745,546
Total depreciation expense - business-type activities	$ 745,546

Capital asset activity for the discretely presented component unit, Forney EDC, as of September 30, 2019, is as follows:

Component Unit - Forney EDC	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 323,120	$ -	$ -	$ -	$ 323,120
Construction in progress	1,514,311	81,143	-	-	1,595,454
Total assets not being depreciated	1,837,431	81,143	-	-	1,918,574
Capital assets, being depreciated:					
Buildings and improvements	1,115,543	-	(12,500)	-	1,103,043
Machinery, furniture and equipment	13,381	-	-	-	13,381
Total capital assets being depreciated	1,128,924	-	(12,500)	-	1,116,424
Less accumulated depreciation:					
Buildings and improvements	(231,549)	(39,926)	12,500	-	(258,975)
Machinery, furniture and equipment	(13,377)	(4)	-	-	(13,381)
Total accumulated depreciation	(244,926)	(39,930)	12,500	-	(272,356)
Total capital assets being depreciated, net	883,998	(39,930)	-	-	844,068
Business-type activities capital assets, net	$ 2,721,429	$ 41,213	$ -	$ -	$ 2,762,642

VII. CONSTRUCTION COMMITMENTS

The City has several active construction projects as of September 30, 2019. The projects include street infrastructure, water/sewer infrastructure improvements, park improvements, and building improvements.

A summary of these projects as of September 30, 2019 included the following:

Project	Remaining Commitment
Street improvements	$ 3,260,756
Parks improvements	42,724
Other community projects	616,010
Water/sewer line infrastructure projects	9,303,315
Total	$ 13,222,805

VIII. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2019, is as follows:

Governmental activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
General obligation bonds and certificates of obligation	$ 30,725,000	$ -	$(2,440,000)	$ 28,285,000	$ 2,500,000
Pass-through toll revenue and limited tax bond	18,565,000	-	(3,585,000)	14,980,000	1,660,000
Tax Notes	1,780,000		(275,000)	1,505,000	285,000
Plus:					
Issuance premiums	2,613,460	-	(276,809)	2,336,651	-
Less:					
Issuance discounts	(308,639)	-	25,261	(283,378)	-
Notes payable	445,729	-	(89,698)	356,031	92,078
Total long-term debt	53,820,550	-	(6,641,246)	47,179,304	4,537,078
Compensated absences	560,916	533,087	(615,936)	478,067	119,517
Total governmental long-term liabilities	$ 54,381,466	$ 533,087	$(7,257,182)	$ 47,657,371	$ 4,656,595

Business-type activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Utility Fund:					
General obligation and certificate of obligation	$ 4,480,000	$ -	$(570,000)	$ 3,910,000	$ 590,000
Plus:					
Issuance premiums	28,705	-	(4,101)	24,604	-
Total long-term debt	4,508,705	-	(574,101)	3,934,604	590,000
Compensated absences	56,451	28,133	(67,737)	16,847	4,212
Total business-type long-term liabilities	$ 4,565,156	$ 28,133	$(641,838)	$ 3,951,451	$ 594,212

The liability for compensated absences is liquidated by the General fund with an estimated 86% and the Utility Fund is responsible for the remaining 14%. The City's notes payable contains a provision that in an event of default, outstanding amounts become immediately due. The City's general obligation bonds, certificates of obligation, and tax notes contain a provision that in an event of default, creditors may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to debt. As outstanding debt does not become immediately due, the remedy of mandamus may have to be relied up on from year to year.

Governmental Long-Term Debt

Description	Interest Rates	Amounts Issued	Amounts Outstanding September 30, 2019
Pass-through Toll Revenue & Limited Tax Bonds, Series 2008	3.75 - 5.25%	$ 39,605,000	$ 5,100,000
General Obligation Bonds, Series 2011	4.0% - 4.25%	2,295,000	2,295,000
Certificates of Obligation, Series 2011	2.0% - 4.125%	3,685,000	2,760,000
Certificates of Obligation, Series 2012	1.0% - 3.0%	1,030,000	740,000
General Obligation Bonds, Series 2012	.4% - 1.9%	2,235,000	825,000
Certificates of Obligation, Series 2014	2.0% - 4.0%	4,945,000	4,220,000
General Obligation Bonds, Series 2014	2.0% - 3.5%	2,150,000	1,360,000
General Obligation Bonds, Series 2015	3.5% - 4.0%	8,585,000	8,585,000
Certificates of Obligation, Series 2016	2.0% - 3.0%	2,500,000	2,210,000
General Obligation Bonds, Series 2016	2.0% - 4.0%	8,220,000	5,290,000
Pass-through Toll Revenue & Limited Tax Refunding Bonds, Series 2017	3.0% - 5.0%	11,465,000	9,880,000
Total Bonds Payable		$ 86,715,000	$ 43,265,000

Debt service requirements are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 4,165,000	$ 1,600,717	$ 5,765,717
2021	4,265,000	1,448,349	5,713,349
2022	4,425,000	1,289,737	5,714,737
2023	4,090,000	1,118,904	5,208,904
2024	3,150,000	976,350	4,126,350
2025-2029	13,725,000	3,133,227	16,858,227
2030-2034	9,120,000	1,002,644	10,122,644
2035-2036	325,000	9,825	334,825
Total	$ 43,265,000	$ 10,579,753	$ 53,844,753

A brief discussion of each bond issuance follows:

$39,605,000 Series 2008 Pass-through toll revenue and limited tax revenue bonds issued July 1, 2008 for the purpose of improvement to certain state highway facilities and roadways.

$2,295,000 Series 2011 General Obligation Refunding bonds issued August 2, 2011 for the purpose of refinancing portions of the 2005 CO, 2007 CO and 2008 Pass Through Toll Revenues Bonds.

$3,685,000 Series 2011 Certificate of Obligations bonds issued August 2, 2011 for the purpose of improvements to infrastructure for streets and parks and design of new fire station.

$2,235,000 Series 2012 General Obligation bonds issued November 6, 2012 for the purpose of refinancing the 2000B CO portions of the 2003 CO.

$1,030,000 Series 2012 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 6, 2012 for the purpose of land acquisition.

$4,945,000 Series 2014 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 4, 2014 for the purpose of constructing and equipping a new fire station and an animal shelter.

$3,440,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$8,585,000 Series 2015 General Obligation Refunding Bonds issued June 1, 2015 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

$8,220,000 Series 2016 General Obligation Refunding Bonds issued August 2, 2016 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

$2,500,000 Series 2016 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation issued for the purpose of improvement to certain roadways.

$11,465,000 Series 2017 Subordinate Lien Pass-through Toll Revenue and Limited Tax Refunding Bonds issued August 15, 2017 for the purpose of refinancing portions of the 2008 Pass-through Toll Revenue and Limited Tax Revenue Bonds.

Tax Notes Payable

The City issued Series 2017 Tax Notes with BNY Mellon in the amount of $2,055,000 for the purpose of acquisition of public safety equipment on August 15, 2017.

Debt service requirements for this tax note are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 285,000	$ 39,450	$ 324,450
2021	290,000	32,250	322,250
2022	300,000	23,400	323,400
2023	310,000	14,250	324,250
2024	320,000	4,800	324,800
Total	$ 1,505,000	$ 114,150	$ 1,619,150

Note Payable

The City incurred a note payable with Government Capital Corporation in the amount of $440,702 for the purchase of a pumper fire truck on April 6, 2009. This note is to be repaid over a period of 10 years with annual payments of $50,293. The Kaufman County Fire District has agreed to reimburse the City 50% of each payment. The City also purchased land in FY 18 and incurred a note payable in the amount of $406,000.

Debt service requirements for this note payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	$ 92,078	$ 9,322	$ 101,400
2021	44,229	6,879	51,108
2022	45,493	5,615	51,108
2023	46,794	4,314	51,108
2024	48,131	2,977	51,108
2025-2026	79,306	1,884	81,190
Totals	$ 356,031	$ 30,991	$ 387,022

Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30, 2019
General Obligation Bonds, Series 2011A	3.00%	$ 1,635,000	$ 200,000
Certificates of Obligation, Series 2011	3.00%	2,990,000	2,040,000
General Obligation Bonds, Series 2014	2.25%-3.5%	1,290,000	820,000
General Obligation Bonds, Series 2014A	2.25%-3.5%	1,350,000	850,000
Total Long Term Obligations		$ 7,265,000	$ 3,910,000

Debt service requirements are as follows:

Year Ending September 30,	Business-type Activities Principal	Interest	Total
2020	$ 590,000	$ 128,976	$ 718,976
2021	405,000	109,676	514,676
2022	415,000	96,938	511,938
2023	440,000	83,606	523,606
2024	455,000	69,119	524,119
2025-2029	1,195,000	181,306	1,376,306
2030-2031	410,000	17,094	427,094
Total	$ 3,910,000	$ 686,715	$ 4,596,715

A brief discussion of each bond issuance follows:

$1,635,000 Series 2011A General Obligation Refunding bonds issued August 2, 2011 for the purpose of refinancing the 2000A CO and a portion of the 2005A CO.

$2,990,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued August 2, 2011 for the purpose of infrastructure improvements to the water system.

$1,290,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$1,350,000 Series 2014A General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005B Certificates of Obligations.

Component Unit Long-term Debt

On September 19, 2013, the Forney EDC issued $2,000,000 of Sales Tax Revenue Bonds, Series 2013. These bonds were issued for the acquisition, improvement and equipment of land, buildings, and facilities to lease or sell to businesses in downtown Forney. Interest rates on the debt are set at 4.25% and final maturity will be in fiscal year 2032.

Component Unit - Forney EDC:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Series 2013 Sales Tax Revenue Bond	$ 1,825,000	$ -	$(95,000)	$ 1,730,000	$ 100,000
Notes payable	145,593	-	(145,593)	-	-
Total long-term debt	1,970,593	-	(240,593)	1,730,000	100,000
Compensated absences	12,947	10,762	(16,570)	7,139	1,785
Total business-type long-term liabilities	$ 1,983,540	$ 10,762	$(257,163)	$ 1,737,139	$ 101,785

Debt service requirements are as follows:

Year Ending September 30,	Component Unit - Forney EDC Principal	Interest	Total
2020	$ 100,000	$ 80,778	$ 180,778
2021	100,000	76,528	176,528
2022	110,000	72,278	182,278
2023	115,000	67,603	182,603
2024	120,000	62,715	182,715
2025-2029	685,000	228,313	913,313
2030-2032	500,000	51,605	551,605
Total	$ 1,730,000	$ 639,820	$ 2,369,820

IX. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2019, is as follows:

Due to/from other funds

Due to	Due from	
	Capital Projects Fund	Utility Fund
General fund	$ 784,854	$ 2,135,504
Total	$ 784,854	$ 2,135,504

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less. Similar transactions such as this also exist between the primary government and the City's discretely presented component unit. The balances due to and due from component unit and primary government at September 30, 2019 consisted of the following:

Due from	Due to
	General Fund
Forney EDC	$ 46,721
Total	$ 46,721

Interfund Transfers

The primary purpose of interfund transfers is the transfer of funds from one fund to support expenditures of another fund in accordance with the authority established for the individual fund.

A summary of interfund transfers by fund type is as follows:

Transfers in	Transfers out				
	General	Capital Projects	Non Major	Utility	Total
General	$ -	$ 1,682,030	$ 41,000	$ 828,652	$ 2,551,682
Utility	352,034	-	-	-	352,034
Debt service	50,293	51,108	-	-	101,401
Capital Project	2,231,751	-	-	1,633,296	3,865,047
Total	$ 2,634,078	$ 1,733,138	$ 41,000	$ 2,461,948	$ 6,870,164

Transfers from the various funds to the capital projects fund are made in order to fund capital projects or other capital purchases. Transfers made from the non-major governmental funds to the General Fund were made to cover the costs of special projects included in the General Fund. Additionally, funds were transferred from the General Fund to the Debt Service Fund to cover the costs related to the principal and interest for the notes payable reported by the governmental activities.

X. DEFINED BENEFIT PENSION POLICIES

Plan Descriptions

The City of Forney participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	51
Active employees	153
	229

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Forney were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Forney were 13.23% and 13.47% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019, were $1,478,423, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 21,716,072	$ 19,058,008	$ 2,658,064
Changes for the year:			
Service cost	1,781,835	-	1,781,835
Interest	1,508,321	-	1,508,321
Difference between expected and actual experience	539,173	-	539,173
Contributions - employer	-	1,302,584	(1,302,584)
Contributions - employee	-	688,726	(688,726)
Net investment income	-	(571,884)	571,884
Benefit payments, including refunds of employee contributions	(522,985)	(522,985)	-
Administrative expense	-	(11,033)	11,033
Other changes	-	(576)	576
Net changes	3,306,344	884,832	2,421,512
Balance at 12/31/2018	$ 25,022,416	$ 19,942,840	$ 5,079,576

Component Unit - Forney EDC	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 418,340	$ 367,135	$ 51,205
Changes for the year:			
Service cost	34,325	-	34,325
Interest	29,056	-	29,056
Difference between expected and actual experience	10,387	-	10,387
Contributions - employer	-	25,093	(25,093)
Contributions - employee	-	13,268	(13,268)
Net investment income	-	(11,017)	11,017
Benefit payments, including refunds of employee contributions	(10,075)	(10,075)	-
Administrative expense	-	(213)	213
Other changes	-	(11)	11
Net changes	63,693	17,045	46,648
Balance at 12/31/2018	$ 482,033	$ 384,180	$ 97,853

The following presents the net pension liability of the City and EDC, calculated using the discount rate of 6.75%, as well as what the City and EDC's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 9,731,531	$ 5,079,576	$ 1,385,752

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
EDC's net pension liability	$ 187,469	$ 97,853	$ 26,695

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019 the city and EDC recognized pension expense of $1,690,935. At September 30, 2019 the city and EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 702,974	$ 532,259
Changes in actuarial assumptions	-	29,413
Difference between projected and actual investment earnings	981,121	-
Contributions subsequent to the measurement date	1,127,385	-
Total	$ 2,811,480	$ 561,672

Component Unit - Forney EDC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 13,542	$ 10,253
Changes in actuarial assumptions	-	567
Difference between projected and actual investment earnings	18,900	-
Contributions subsequent to the measurement date	21,718	-
Total	$ 54,160	$ 10,820

$1,127,385 and $21,718 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019 for the City and EDC, respectively.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Primary Government: Year ended September 30,	
2020	$ 304,181
2021	131,072
2022	131,503
2023	349,374
2024	51,501
Thereafter	154,792
Total	$ 1,122,423

Component Unit - Forney EDC:

Year ended September 30,	
2020	$ 5,860
2021	2,525
2022	2,533
2023	6,730
2024	992
Thereafter	2,982
Total	$ 21,622

Health Care Coverage

During the year ended September 30, 2019, employees of the City were covered by a health insurance plan ("Plan"). The City contributed $511 per month per employee and 25% of the cost for dependent's coverage. The City Manager received 50% of the cost for dependents as agreed in his contract. Employees, at their option, authorized payroll withholdings to pay contributions for their dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance code, and is documented by contractual agreement.

Insurance Coverage

In accordance with state statue, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas, in accordance with the Texas Insurance code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2013, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

XI. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	14
Active employees	153
Total	188

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.13% for 2019 and 0.12% for 2018, of which 0.01% and 0.01%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2019 and 2018 were $14,326 and $12,424, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Projected salary increases	3.50% to 10.5% including inflation
Discount rate	3.71%

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

Primary Government	1% Decrease in Discount Rate (2.71%)	Current Single Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	$ 212,630	$ 168,835	$ 136,294

EDC	1% Decrease in Discount Rate (2.71%)	Current Single Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	$ 4,096	$ 3,252	$ 2,626

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2019, the City and EDC reported a liability of $172,087 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City and EDC recognized OPEB expense of $24,638. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

Primary Government:	Total OPEB Liability
Balance at 12/31/2017	$ 164,261
Changes for the year:	
Service cost	18,694
Interest	5,731
Difference between expected and actual experience	(2,763)
Changes of assumptions	(16,104)
Benefit payments	(984)
Net changes	4,574
Balance at 12/31/2018	$ 168,835

EDC:	Total OPEB Liability
Balance at 12/31/2017	$ 3,164
Changes for the year:	
Service cost	360
Interest	110
Difference between expected and actual experience	(53)
Changes of assumptions	(310)
Benefit payments	(19)
Net changes	88
Balance at 12/31/2018	$ 3,252

At September 30, 2019, the City and EDC reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 2,471
Changes in actuarial assumptions	12,996	14,406
Contributions subsequent to the measurement date	837	-
Totals	$ 13,833	$ 16,877

EDC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 48
Changes in actuarial assumptions	250	277
Contributions subsequent to the measurement date	16	-
Totals	$ 266	$ 325

$837 and $16 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020 for the City and EDC, respectively. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	$(252)
2021	(252)
2022	(252)
2023	(252)
2024	(252)
Thereafter	(2,621)

For the Year Ended September 30,	
2020	$(5)
2021	(5)
2022	(5)
2023	(5)
2024	(5)
Thereafter	(50)

XII. RISK MANAGEMENT

The City of Forney is exposed to various risks of loss related to tort liability, theft of and damage to property and destruction of assets; public officials' errors and omissions; bodily injury and property damage; injury to employees and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium for TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continued to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

XIII. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

XIV. TXDOT RECEIVABLE

The Texas Department of Transportation has entered into a contract with the City of Forney to pay the City an annual amount of no less than $2,009,570 annually beginning in the year 2013 and ending in the year 2031. This payment is to reimburse the City for a portion of the costs associated with the construction of highway improvements to FM 740, FM 741 and US 80/FM 548 Interchange.

The City received a payment from TxDOT in the amount of $4,019,140 during the current fiscal year.

XV. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Pumped	2,043,000,000
Gallons Billed	1,861,695,729

The City of Forney secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statue and contract, or otherwise permitted by laws, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

The City purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The City currently pays $2.78 per thousand gallons for water with total cost for this current fiscal year being $5,707,237.

The City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general are of the East Fork of the Trinity River, which includes the City of Forney and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City of Forney and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said service, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all of its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component."

Each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City of Forney's payment for the current fiscal period was $2,187,306.

XVI. PRIOR PERIOD ADJUSTMENT

During prior fiscal year, the EDC retired notes payable, but did not remove the liability from the financials. As such, beginning net position was restated to reduce EDC long-term debt by $145,593.

XVII. TAX ABATEMENTS

The City negotiates property tax abatement agreements and direct sales tax reimbursement agreements on an individual basis. The City has tax abatement agreements with two entities as of September 30, 2019:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Company desires to purchase and use new building materials within the City that will generate additional economic development and use tax revenue for the City	80%	$ 29,912
Developer will construct an assisted living center creating an agreed upon number of full and part-time employment positions	67%	14,792

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SUPPLEMENTARY INFORMATION

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CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts	
	Original	Final
REVENUES		
Property taxes	$ 6,052,791	$ 6,100,000
Sales taxes	5,686,732	6,239,790
Franchise taxes	3,290,000	3,290,000
Beverage taxes	46,600	56,171
Licenses and permits	1,261,000	1,291,500
Intergovernmental revenues	328,140	223,509
Charges for services	1,076,771	1,193,718
Fines and forfeitures	172,860	236,710
Investments earnings	225,000	580,673
Contributions and donations	-	3,673
Miscellaneous	75,647	92,823
Total revenues	18,215,541	19,308,567
EXPENDITURES		
Current:		
General government:		
Administration and public information	4,603,909	5,014,098
Municipal court	322,344	329,230
Public safety:		
Police	4,867,565	4,829,745
Fire	4,555,503	4,441,240
Public works:		
Streets	1,547,412	1,446,773
Planning and development	445,694	451,282
Public services and operations	1,024,696	1,104,703
Animal control	271,690	277,756
Culture and recreation:		
Parks	1,873,227	1,910,140
Capital outlay	50,293	50,293
Total expenditures	19,562,333	19,855,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,346,792)	(546,693)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,545,876	2,789,375
Transfers out	(2,606,636)	(2,634,078)
Sale of capital assets	-	18,793
Total other financing sources (uses)	(1,060,760)	174,090
NET CHANGE IN FUND BALANCE	(2,407,552)	(372,603)
FUND BALANCE - BEGINNING	8,010,995	8,010,995
FUND BALANCE - ENDING	$ 5,603,443	$ 7,638,392

The accompanying notes are an integral part of these financial statements.

Actual Amounts	Variance with Final Budget
$ 6,118,063	$ 18,063
6,351,122	111,332
3,418,342	128,342
56,171	-
1,471,601	180,101
325,379	101,870
1,213,491	19,773
260,477	23,767
(652,769)	(1,233,442)
4,648	975
106,101	13,278
18,672,626	(635,941)
5,029,439	(15,341)
331,695	(2,465)
4,897,891	(68,146)
4,518,113	(76,873)
1,397,570	49,203
495,001	(43,719)
721,735	382,968
268,644	9,112
1,797,128	113,012
-	50,293
19,457,216	398,044
(784,590)	(237,897)
2,551,682	(237,693)
(2,634,078)	-
20,087	1,294
(62,309)	(236,399)
(846,899)	(474,296)
8,010,995	-
$ 7,164,096	$(474,296)

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADWAY IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Impact fees	$ 815,000	$ 1,150,000	$ 1,161,161	$ 11,161
Investment earnings	15,000	45,000	41,665	(3,335)
Total revenues	830,000	1,195,000	1,202,826	7,826
EXPENDITURES				
Current:				
Public works	35,000	-	-	-
Total expenditures	35,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	795,000	1,195,000	1,202,826	7,826
FUND BALANCE - BEGINNING	99,541	99,541	99,541	-
FUND BALANCE - ENDING	$ 894,541	$ 1,294,541	$ 1,302,367	$ 7,826

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement period ended December 31,	**2018**	**2017**
A. Total pension liability		
Service Cost	$ 1,816,160	$ 1,556,135
Interest (on the Total Pension Liability)	1,537,377	1,357,656
Difference between expected and actual experience	549,560	261,390
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(533,060)	(752,237)
Net change in total pension liability	3,370,037	2,422,944
Total pension liability - beginning	22,134,412	19,711,468
Total pension liability - ending (a)	25,504,449	22,134,412
B. Plan fiduciary net position		
Contributions - Employer	1,327,677	1,181,687
Contributions - Employee	701,994	609,566
Net Investment Income	(582,901)	2,241,927
Benefit payments, including refunds of employee contributions	(533,060)	(752,237)
Administrative Expenses	(11,246)	(11,605)
Other	(587)	(587)
Net change in plan fiduciary net position	901,877	3,268,751
Plan fiduciary net position - beginning	19,425,143	16,156,392
Plan fiduciary net position - ending (b)	20,327,020	19,425,143
C. Net pension liability - ending (a) - (b)	$ 5,177,429	$ 2,709,269
D. Plan fiduciary net position as a percentage of total pension liability	79.70%	87.76%
E. Covered payroll	$ 10,028,490	$ 8,708,084
F. Net position liability as a percentage of covered payroll	51.63%	31.11%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

2016	2015	2014
$ 1,371,142	$ 1,293,191	$ 1,126,842
1,237,661	1,191,818	1,046,739
(256,339)	(744,030)	103,186
-	(58,600)	-
(582,288)	(240,931)	(333,832)
1,770,176	1,441,448	1,942,935
17,941,292	16,499,844	14,556,909
19,711,468	17,941,292	16,499,844
1,078,254	1,028,802	847,353
535,304	507,987	484,123
959,168	19,002	643,314
(582,288)	(240,931)	(333,832)
(10,821)	(11,571)	(6,714)
(583)	(572)	(552)
1,979,034	1,302,717	1,633,692
14,177,358	12,874,641	11,240,949
16,156,392	14,177,358	12,874,641
$ 3,555,076	$ 3,763,934	$ 3,625,203
81.96%	79.02%	78.03%
$ 7,647,196	$ 7,256,961	$ 6,916,048
46.49%	51.87%	52.42%

CITY OF FORNEY, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal year ended September 30,	**2019**	**2018**
Actuarial determined contribution	$ 1,478,423	$ 1,294,007
Contributions in relation to the actuarially determined contribution	$ 1,478,423	$ 1,294,007
Contribution deficiency (excess)	-	-
Covered payroll	11,020,021	9,274,693
Contributions as a percentage of covered payroll	13.42%	13.95%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes: There were no benefit changes during the year.

2017	2016	2015	2014
$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
-	-	-	-
8,428,945	7,779,767	6,916,048	6,004,927
13.69%	14.12%	14.16%	14.11%

CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement period ended December 31,	**2018**	**2017**
A. Total OPEB liability		
Service Cost	$ 19,054	$ 14,804
Interest (on the Total OPEB Liability)	5,841	5,233
Difference between expected and actual experience	(2,816)	-
Changes of assumptions	(16,414)	16,789
Benefit payments, including refunds of employee contributions	(1,003)	(871)
Net change in Total OPEB liability	4,662	35,955
Total OPEB liability - beginning	167,425	131,470
Total OPEB liability - ending (a)	172,087	167,425
B. Covered payroll	$ 10,028,490	$ 8,708,084
C. Total OPEB liability as a percentage of covered payroll	1.72%	1.92%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Note: Changes in assumptions reflect annual change in the discount rate.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Hotel/Motel Fund – to account for revenue collected from hotels and motels located within the Forney city limits.

Fox Hollow PID Fund – to account for revenue collected from special assessments in the Fox Hollow subdivision to be used only for the benefit of the subdivision.

CITY OF FORNEY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Special Revenue Funds		
	Hotel/Motel Fund	Fox Hollow PID	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	$ -	$ 160,734	$ 160,734
Restricted cash and investments	57,988	281,863	339,851
Total assets	57,988	442,597	500,585
LIABILITIES			
Accounts payable	-	510	510
Total Liabilities	-	510	510
FUND BALANCES			
Restricted for:			
Tourism	57,988	-	57,988
Public Improvement District	-	442,087	442,087
Total fund balances	57,988	442,087	500,075
Total liabilities and fund balances	$ 57,988	$ 442,597	$ 500,585

CITY OF FORNEY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds		Total Non-Major Governmental Funds
	Hotel/Motel Fund	Fox Hollow PID	
REVENUES			
Taxes:			
Property taxes	$ -	$ 394,443	$ 394,443
Hotel/motel taxes	128,979	-	128,979
Investment earnings	-	6,969	6,969
Total revenues	128,979	401,412	530,391
EXPENDITURES			
Current:			
General government	50,910	226,728	277,638
Total expenditures	50,910	226,728	277,638
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	78,069	174,684	252,753
OTHER FINANCING SOURCES (USES)			
Transfers out	(41,000)	-	(41,000)
Total other financing sources (uses)	(41,000)	-	(41,000)
NET CHANGE IN FUND BALANCE	37,069	174,684	211,753
FUND BALANCE - BEGINNING	20,919	267,403	288,322
FUND BALANCE - ENDING	$ 57,988	$ 442,087	$ 500,075

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 3,512,930	$ 3,540,000	$ 3,559,526	$ 19,526
Intergovernmental revenue	4,019,140	4,019,140	4,019,140	-
Investment earnings	50,000	50,000	29,382	(20,618)
Total revenues	7,582,070	7,609,140	7,608,048	(1,092)
EXPENDITURES				
Debt service:				
Principal	4,300,000	6,300,000	6,389,699	(89,699)
Interest	1,898,094	1,898,094	1,912,612	(14,518)
Total expenditures	6,198,094	8,198,094	8,302,311	(104,217)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,383,976	(588,954)	(694,263)	(105,309)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	101,401	101,401
Total other financing sources (uses)	-	-	101,401	101,401
NET CHANGE IN FUND BALANCE	1,383,976	(588,954)	(592,862)	(3,908)
FUND BALANCE - BEGINNING	3,641,192	3,641,192	3,641,192	-
FUND BALANCE - ENDING	$ 5,025,168	$ 3,052,238	$ 3,048,330	$(3,908)

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 934,727	$ 934,727	$ 362,941	$(571,786)
Charge for services	-	55,000	60,000	5,000
Investment income	25,700	130,500	33,867	(96,633)
Total revenues	960,427	1,120,227	456,808	(663,419)
EXPENDITURES				
Current:				
General Government	-	-	50	(50)
Public works	25,000	927,287	901,606	25,681
Capital outlays	8,772,115	10,242,299	6,661,455	3,580,844
Total expenditures	8,797,115	11,169,586	7,563,111	3,606,475
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,836,688)	(10,049,359)	(7,106,303)	2,943,056
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	26,300	26,300	-
Transfer in	2,052,322	2,271,017	3,865,047	1,594,030
Transfer out	-	-	(1,733,138)	(1,733,138)
Total other financing sources (uses)	2,052,322	2,271,017	2,158,209	(112,808)
NET CHANGE IN FUND BALANCE	(5,784,366)	(7,778,342)	(4,948,094)	2,830,248
FUND BALANCE - BEGINNING	13,751,049	13,751,049	13,751,049	-
FUND BALANCE - ENDING	$ 7,966,683	$ 5,972,707	$ 8,802,955	$ 2,830,248

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Hotel/motel taxes	$ 140,000	$ 160,000	$ 128,979	$(31,021)
Miscellaneous revenue	-	11,336	-	(11,336)
Total revenues	140,000	171,336	128,979	(42,357)
EXPENDITURES				
Current:				
General government	60,000	60,000	50,910	9,090
Total expenditures	60,000	60,000	50,910	9,090
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80,000	111,336	78,069	(33,267)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(27,000)	(41,000)	(14,000)
Total other financing sources (uses)	-	(27,000)	(41,000)	(14,000)
NET CHANGE IN FUND BALANCE	80,000	84,336	37,069	(47,267)
FUND BALANCE - BEGINNING	20,919	20,919	20,919	-
FUND BALANCE - ENDING	$ 100,919	$ 105,255	$ 57,988	$(47,267)

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Developers Escrow Fund	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
ASSETS				
Cash and investments	$ 1,636,039	$ 85,067	$ 529,919	$ 1,191,187
Total assets	1,636,039	85,067	529,919	1,191,187
LIABILITIES				
Developers escrow	1,636,039	85,067	529,919	1,191,187
Total liabilities	$ 1,636,039	$ 85,067	$ 529,919	$ 1,191,187

STATISTICAL SECTION

This part of the City of Forney, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	70
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	76
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	93
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF FORNEY, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 19,965,326	$ 24,463,665	$ 22,015,335	$ 20,440,755
Restricted	6,264,465	5,963,513	6,100,904	5,891,886
Unrestricted	14,167,079	15,106,924	12,302,473	11,181,620
Total Governmental Activities Net Position	40,396,870	45,534,102	40,418,712	37,514,261
Business-Type Activities				
Net investment in capital assets	11,643,483	11,484,285	11,195,136	7,523,529
Restricted	1,492,587	1,366,089	1,885,256	2,567,839
Unrestricted	(522,223)	(2,070,285)	6,214,899	11,303,696
Total Business-Type Activities Net Position	12,613,847	10,780,089	19,295,291	21,395,064
Primary Government				
Net investment in capital assets	31,608,809	35,947,950	33,210,471	27,964,284
Restricted	7,757,052	7,329,602	7,986,160	8,459,725
Unrestricted	13,644,856	13,036,639	18,517,372	22,485,316
Total Primary Government Net Position	$ 53,010,717	$ 56,314,191	$ 59,714,003	$ 58,909,325

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 22,043,453	$ 24,513,186	$ 22,326,642	$ 26,124,675	$ 9,091,396	$ 16,969,844
9,293,408	14,380,773	5,035,645	4,917,004	29,818,164	24,717,558
5,463,010	(1,925,299)	8,043,790	9,508,649	5,247,309	4,450,313
36,799,871	36,968,660	35,406,077	40,550,328	44,156,869	46,137,715
7,854,647	8,875,498	10,839,253	14,265,773	17,536,902	26,259,404
2,567,839	2,764,485	1,530,912	3,170,206	6,111,159	1,510,191
12,724,397	14,826,597	16,955,095	16,529,023	22,515,626	21,439,027
23,146,883	26,466,580	29,325,260	33,965,002	46,163,687	49,208,622
29,898,100	33,388,684	33,165,895	40,390,448	26,628,298	43,229,248
11,861,247	17,145,258	6,566,557	8,087,210	35,929,323	26,227,749
18,187,407	12,901,298	24,998,885	26,037,672	27,762,935	25,889,340
$ 59,946,754	$ 63,435,240	$ 64,731,337	$ 74,515,330	$ 90,320,556	$ 95,346,337

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental activities:				
General government	$ 2,763,652	$ 3,072,981	$ 3,190,509	$ 3,522,911
Public safety	4,530,227	4,563,278	4,965,163	5,541,583
Public services	631,009	592,412	674,292	805,895
Parks and recreation	1,175,087	1,509,593	1,648,290	1,816,378
Public works	1,719,116	1,464,864	1,375,175	4,934,265
Library	55,126	56,500	36,318	37,585
Interest and other charges	3,291,337	3,234,846	3,349,236	3,427,876
Total governmental activities expenses	14,165,554	14,494,474	15,238,983	20,086,493
Business-type activities:				
Utility services	7,072,080	7,649,451	7,619,760	8,441,451
Total Business-type activities expenses	7,072,080	7,649,451	7,619,760	8,441,451
Total primary government expenses	21,237,634	22,143,925	22,858,743	28,527,944
PROGRAM REVENUES				
Governmental activities:				
Charge for services:				
General government	-	43,591	81,575	18,791
Public safety	41,614	119,848	429,399	352,579
Public services	189,930	229,016	263,913	290,170
Parks and recreation	14,021	35,403	61,060	41,325
Public works	851,437	758,730	928,726	1,930,659
Operating grants and contributions	9,189	-	11,736	159,563
Capital grants and contributions	1,274,893	2,524,726	1,424,420	1,017,157
Total governmental activities program revenues	2,381,084	3,711,314	3,200,829	3,810,244
Business-type activities:				
Charge for services:				
Utility services	7,934,730	9,177,539	10,239,362	11,625,160
Operating grants and contributions	-	17,526	-	-
Capital grants and contributions	-	-	-	184,276
Total business-type activities program revenues	7,934,730	9,195,065	10,239,362	11,809,436
Total primary government program revenues	10,315,814	12,906,379	13,440,191	15,619,680
NET (EXPENSE)/REVENUE				
Governmental activities	(11,784,470)	(10,783,160)	(12,038,154)	(16,276,249)
Business-type activities	862,650	1,545,614	2,619,602	3,367,985
Total primary government program Net expenses	$(10,921,820)	$(9,237,546)	$(9,418,552)	$(12,908,264)

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 5,050,743	$ 3,608,223	$ 4,018,323	$ 4,209,389	$ 4,537,043	$ 5,735,228
6,303,710	8,024,153	8,665,081	7,330,299	9,595,555	10,351,567
694,924	714,490	704,984	1,071,503	1,615,487	1,023,882
1,699,022	1,365,528	1,460,278	2,063,736	2,494,562	2,635,064
1,655,935	1,342,998	1,367,982	2,123,199	2,254,535	3,241,666
-	-	-	-	-	-
3,105,300	3,157,842	2,724,252	2,331,716	1,875,357	1,662,180
18,509,634	18,213,234	18,940,900	19,129,842	22,372,539	24,649,587
9,208,184	9,883,212	10,808,915	12,726,800	13,558,970	16,345,862
9,208,184	9,883,212	10,808,915	12,726,800	13,558,970	16,345,862
27,717,818	28,096,446	29,749,815	31,856,642	35,931,509	40,995,449
354,410	282,119	11,232	59,024	9,940	110,018
589,819	512,794	717,622	633,180	760,567	1,036,729
-	-	-	-	-	-
39,684	37,748	59,384	64,254	124,273	120,984
686,221	3,273,590	1,682,863	2,996,728	3,806,887	3,038,036
340,391	348,145	7,350	10,000	222,298	226,959
37,000	33,317	621,493	94,353	361,254	4,648
2,047,525	4,487,713	3,099,944	3,857,539	5,285,219	4,537,374
11,525,477	13,506,550	14,152,555	15,580,123	19,212,584	20,313,579
-	-	-	-	7,458,792	1,693,133
-	-	-	-	-	-
11,525,477	13,506,550	14,152,555	15,580,123	26,671,376	22,006,712
13,573,002	17,994,263	17,252,499	19,437,662	31,956,595	26,544,086
(16,462,109)	(13,725,521)	(15,840,956)	(15,272,303)	(17,087,320)	(20,112,213)
2,317,293	3,623,338	3,343,640	2,853,323	13,112,406	5,660,850
$(14,144,816)	$(10,102,183)	$(12,497,316)	$(12,418,980)	$(3,974,914)	$(14,451,363)

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2010	2011	2012	2013
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes:				
Property taxes	$ 6,261,166	$ 6,641,584	$ 6,890,290	$ 7,122,398
Sales taxes	2,427,003	2,580,493	2,723,236	3,407,923
Franchise taxes	3,329,189	3,341,680	3,598,611	3,638,053
Other taxes	78,492	90,584	91,702	112,614
Investment income	89,764	55,452	36,117	63,815
Gain on sale of capital assets	-	-	-	-
Miscellaneous	51,208	115,801	64,964	68,611
Extraordinary item	-	(303,100)	-	(1,444,258)
Transfers	4,341,458	3,398,260	(6,024,488)	402,642
Total governmental activities	16,578,280	15,920,754	7,380,432	13,371,798
Business-type activities:				
Investment income	9,817	7,999	6,261	6,475
Gain on sale of capital assets	-	-	-	-
Miscellaneous	23	10,888	456	2,450
Transfers	(4,341,458)	(3,398,260)	6,024,488	(402,642)
Total Business-type activities	(4,331,618)	(3,379,373)	6,031,205	(393,717)
Total primary government	12,246,662	12,541,381	13,411,637	12,978,081
CHANGE IN NET POSITION				
Governmental activities	4,793,810	5,137,234	(4,657,722)	(2,904,451)
Business-type activities	(3,468,968)	(1,833,759)	8,650,807	2,974,268
Total primary government	$ 1,324,842	$ 3,303,475	$ 3,993,085	$ 69,817

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 7,289,819	$ 7,627,533	$ 8,209,164	$ 8,762,216	$ 9,707,103	$ 10,470,757
3,839,949	4,212,896	4,709,696	4,988,763	5,749,249	6,351,122
3,717,733	3,653,796	3,505,463	6,166,444	3,538,039	3,418,342
41,273	38,333	172,118	184,340	191,948	185,150
51,115	155,264	112,348	239,970	497,765	(540,886)
-	-	-	-	-	21,578
56,497	59,995	186,883	74,821	93,206	77,082
-	-	-	-	-	-
601,333	458,247	528,752	-	1,031,984	2,109,914
15,597,719	16,206,064	17,424,424	20,416,554	20,809,294	22,093,059
31,350	48,010	20,934	30,726	126,441	(549,479)
-	-	-	-	-	6,383
4,509	403,669	22,858	1,755,693	4,682	37,095
(601,333)	(458,247)	(528,752)	-	(1,031,984)	(2,109,914)
(565,474)	(6,568)	(484,960)	1,786,419	(900,861)	(2,615,915)
15,032,245	16,199,496	16,939,464	22,202,973	19,908,433	19,477,144
(864,390)	2,480,543	1,583,468	5,144,251	3,721,974	1,980,846
1,751,819	3,616,770	2,858,680	4,639,742	12,211,545	3,044,935
$ 887,429	$ 6,097,313	$ 4,442,148	$ 9,783,993	$ 15,933,519	$ 5,025,781

CITY OF FORNEY, TEXAS **TABLE 3**

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEAR
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Tax	Alcoholic Beverage Tax	Total
2010	$ 6,261,166	$ 2,427,003	$ 3,329,189	$ 62,895	$ 15,597	$ 12,095,850
2011	6,641,584	2,580,493	3,341,680	71,041	19,543	12,654,341
2012	6,890,290	2,723,236	3,598,611	76,004	15,698	13,303,839
2013	7,122,398	3,407,923	3,638,053	90,504	22,110	14,280,988
2014	7,270,549	3,839,949	3,717,733	89,802	41,273	14,959,306
2015	7,698,456	4,144,445	3,653,796	99,404	38,333	15,634,434
2016	8,209,164	4,709,696	3,505,463	126,752	45,366	16,596,441
2017	8,762,216	4,988,763	6,166,444	138,834	45,506	20,101,763
2018	9,707,103	5,749,249	3,538,039	140,150	51,798	19,186,339
2019	10,470,757	6,351,122	3,418,342	128,979	56,171	20,425,371

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CITY OF FORNEY, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable - prepaid items	$ -	$ 11,479	$ -	$ -
Restricted for:				
Municipal Court	74,991	88,888	82,119	86,439
Committed for:				
Police	-	90,517	65,334	69,930
Assigned for:				
Subsequent year's budget	-	-	-	-
General reserve	-	-	-	1,893,207
Unassigned	25,803,861	30,428,183	6,515,661	2,961,848
Total General Fund	25,878,852	30,619,067	6,663,114	5,011,424
All Other Governmental Funds				
Restricted for:				
Debt service	4,104,396	3,463,517	3,763,823	4,067,297
Use of impact fees	1,932,031	2,067,137	1,972,624	1,481,780
Capital improvements	12,516,492	180,213	9,987,634	4,867,416
Tourism	93,021	99,062	110,783	124,050
Public Improvement District	-	-	-	-
Committed for:				
Capital improvements	-	-	-	1,513,856
Assigned for:				
Capital improvements	-	-	-	-
Equipment replacement	-	-	-	183,112
Special projects - donations	28,268	18,404	18,404	12,475
Community Benefit Fund	467,065	467,065	295,489	241,565
Total all other governmental funds	$ 19,141,273	$ 6,295,398	$ 16,148,757	$ 12,491,551

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ -	$ -	$ -	$ -	$ -	$ -
86,439	114,180	126,146	97,961	86,519	77,089
69,930	50,566	63,684	65,858	88,768	32,756
-	-	1,635,090	3,411,341	2,491,709	2,803,544
1,893,207	3,133,053	3,252,949	3,567,917	4,181,100	4,250,707
3,819,842	2,690,964	1,343,152	1,641,777	1,162,899	-
5,869,418	5,988,763	6,421,021	8,784,854	8,010,995	7,164,096
4,304,860	4,299,472	4,161,496	4,061,777	3,641,192	3,048,330
1,742,291	1,892,343	2,185,265	2,113,419	99,541	1,302,367
3,342,822	9,310,332	4,422,008	5,058,192	13,751,049	8,802,955
108,452	71,670	110,290	103,655	20,919	57,988
-	-	-	167,505	267,403	442,087
-	-	-	-	-	-
-	-	4,453,267	3,504,186	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15	15	-	-	-	-
$ 9,498,440	$ 15,573,832	$ 15,332,326	$ 15,008,734	$ 17,780,104	$ 13,653,727

CITY OF FORNEY, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Property taxes	$ 6,168,880	$ 6,615,716	$ 6,972,379	$ 7,122,398
Sales taxes	2,427,003	2,580,493	2,723,236	3,407,923
Franchise taxes	3,329,189	3,341,680	3,598,611	3,638,053
Other taxes	78,492	90,584	91,702	112,614
Fines and forfeitures	184,744	223,562	257,528	283,411
Licenses and permits	558,848	481,067	660,020	949,007
Charge for services	66,873	220,074	471,224	646,358
Contributions and donations	1,225,012	2,522,714	1,436,156	562,009
Impact fees	286,282	268,157	279,134	839,448
Intergovernmental	59,070	2,012	5,058,678	4,221,085
Investment income	89,765	55,451	36,114	63,810
Miscellaneous	51,208	115,801	64,964	68,621
Total Revenues	14,525,366	16,517,311	21,649,746	21,914,737
EXPENDITURES				
General government	2,275,456	2,542,869	2,689,720	3,029,497
Public safety	4,282,228	4,292,715	4,636,736	5,137,340
Public works	1,382,171	1,045,731	13,369,157	6,317,481
Public services and operations	630,959	578,487	661,557	793,640
Culture and recreation	878,250	939,526	1,030,725	1,126,443
Library	55,126	72,870	36,318	52,585
Intergovernmental	-	-	-	-
Capital outlay	7,498,465	17,800,532	3,533,371	3,160,822
Debt service				
Principal retirement	898,843	3,250,764	423,084	4,134,293
Interest and other charges	3,293,987	3,406,487	3,369,689	3,503,846
Bond issuance costs	-	-	-	-
Total Expenditures	21,195,485	33,929,981	29,750,357	27,255,947
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	8,275,000	-	3,265,000
Payment to refunding bond escrow agent	-	(2,192,352)	-	(2,180,000)
Premiums and discount on debt issue	-	(32,987)	-	(11,073)
Capital lease	-	153,998	-	-
Insurance recoveries	-	-	-	-
Extraordinary item (expense)	-	(303,100)	-	(1,444,258)
Transfers in (out)	4,341,457	3,398,260	(6,024,487)	402,644
Sale of assets	6,122	8,197	22,504	-
Total Other Financing Sources (Uses)	4,347,579	9,307,016	(6,001,983)	32,313
NET CHANGE IN FUND BALANCES	$(2,322,540)	$(8,105,654)	$(14,102,594)	$(5,308,897)
Debt service as percentage of noncapital expenditures	30.61%	41.27%	14.47%	31.70%

Fiscal Year						
2014	2015	2016	2017	2018	2019
$ 7,270,549	$ 7,692,263	$ 8,094,304	$ 8,769,295	$ 9,739,104	$ 10,434,973
3,839,949	4,212,896	4,709,696	4,988,763	5,749,249	6,351,122
3,717,733	3,653,796	3,505,463	6,166,444	3,538,039	3,418,342
131,075	137,737	172,118	184,340	191,948	185,150
213,305	222,886	279,553	175,663	167,374	260,477
608,204	542,322	712,457	1,752,986	2,372,781	1,471,601
483,489	3,075,300	1,187,352	995,924	1,172,987	1,273,491
19,000	23,817	428,843	14,762	8,447	4,648
259,848	148,851	287,078	814,682	971,003	1,161,161
3,978,938	4,236,168	4,019,000	4,108,732	4,224,439	4,344,519
51,120	155,264	112,348	239,970	497,765	(540,886)
71,978	77,483	371,061	100,785	467,047	106,101
20,645,188	24,178,783	23,879,273	28,312,346	29,100,183	28,470,699
3,079,170	3,081,859	3,401,352	3,460,398	4,350,321	5,638,822
5,903,836	6,186,164	6,725,645	7,380,150	8,704,209	9,416,004
1,055,368	1,128,216	1,146,561	1,513,351	1,595,230	2,794,177
647,689	647,572	669,532	1,035,962	1,554,194	990,379
1,106,325	1,151,393	1,243,090	1,332,124	1,717,930	1,797,128
45,875	67,380	-	-	-	-
-	-	46,531	301,396	44,670	-
3,856,913	3,152,480	5,387,862	5,177,726	1,766,351	6,661,455
4,571,621	5,083,913	5,449,508	5,775,597	6,332,845	6,389,699
3,114,841	2,763,979	2,716,974	2,401,459	2,074,249	1,912,612
-	259,160	135,819	230,707	-	-
23,381,638	23,522,116	26,922,874	28,608,870	28,139,999	35,600,276
-	15,680,000	10,720,000	13,520,000	-	-
-	(11,757,415)	(8,667,653)	(12,589,898)	-	-
-	1,357,198	588,274	1,394,030	-	-
-	-	-	-	-	-
-	21,241	-	-	-	26,300
-	-	-	-	-	-
601,333	458,247	528,752	-	1,031,984	2,109,914
-	11,205	64,980	12,633	5,343	20,087
601,333	5,770,476	3,234,353	2,336,765	1,037,327	2,156,301
$(2,135,117)	$(17,094,973)	$ 190,752	$ 2,040,241	$ 2,040,241	$(4,973,276)
39.37%	39.80%	38.55%	35.88%	31.88%	28.69%

CITY OF FORNEY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Real Property			Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Personal Property	
2010	753,637,925	318,632,090	80,320,510	221,038,059
2011	742,531,542	326,047,461	87,154,960	226,863,139
2012	753,891,929	332,361,691	83,077,725	226,928,329
2013	764,959,431	311,146,971	87,584,330	216,535,693
2014	768,272,697	329,201,623	88,644,960	218,688,028
2015	840,904,873	328,801,122	97,753,070	220,336,313
2016	924,494,180	377,814,042	114,725,740	267,831,558
2017	1,069,021,810	389,158,547	110,749,911	291,613,032
2018	1,266,261,417	405,817,241	116,361,171	302,419,220
2019	1,413,385,232	411,360,109	134,276,328	290,419,678

Source: Kaufman County Appraisal District

Note: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to the actual value.
Tax rates are per $100 of assessed value.

Residential: include single family, vacant lots, acreage, farm and ranch
Commercial: include real property, industrial and utilities

TABLE 6

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Taxable Assessed Value Inc / (Dec)
931,552,466	0.680540	1,055,361,868	0.90%
928,870,824	0.707290	1,056,810,639	-0.29%
942,403,016	0.743098	1,070,223,479	1.46%
947,155,039	0.749020	1,074,751,498	0.50%
967,431,252	0.749020	1,099,546,999	2.14%
1,047,122,752	0.723486	1,183,749,808	8.24%
1,149,202,404	0.698483	1,323,154,447	9.75%
1,277,317,236	0.651111	1,453,797,441	11.15%
1,486,020,609	0.621111	1,664,513,808	16.34%
1,668,601,991	0.621111	1,864,057,186	12.29%
		10 Yr Avg	6.25%

PROPRIETARY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(UNAUDITED)

	City Direct Rates			Overlapping Rates *	
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Forney Independent School District	Kaufman County
2010	0.312380	0.368160	0.680540	1.500000	0.488500
2011	0.323198	0.384092	0.707290	1.500000	0.507700
2012	0.323198	0.419900	0.743098	1.500000	0.556500
2013	0.316925	0.432095	0.749020	1.540000	0.556500
2014	0.316925	0.432095	0.749020	1.540000	0.576200
2015	0.333638	0.389848	0.723486	1.540000	0.576200
2016	0.350398	0.348085	0.698483	1.540000	0.576200
2017	0.338445	0.312666	0.651111	1.540000	0.588700
2018	0.358330	0.262781	0.621111	1.540000	0.588700
2019	0.393237	0.227874	0.621111	1.540000	0.588700

Source: Kaufman County Appraisal District

* Overlapping rates are those of local and county governments that apply to property over within the City of Forney.

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CITY FORNEY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	Assessed Taxable Value 2019 Fiscal Year	Rank	Percentage of Assessed Taxable Value
Smurfit Kappa	$ 35,564,822	1	2.13%
DFW Gateway Oaks Apartments LLC Etal	33,000,000	2	1.98%
Rose EngleBrook LP & Rose MarlBorough Square Apts	30,000,000	3	1.80%
Steve Silver Company	18,300,630	4	1.10%
South Forney LLC	17,684,030	5	1.06%
Oncor Electric Delivery Company	17,137,880	6	1.03%
Kroger Texas LP	14,192,140	7	0.85%
Wal-mart Real Estate Business Trust	13,417,678	8	0.80%
Copart Excavation Inc.	10,329,540	9	0.62%
Orange County Container Group LLC	9,106,450	10	0.55%
Steve Silver Company			
WalMart Real Estate Business Trust			
Orange County (CSI) Holdings Inc			
Sealy SW Properties			
Lowes Home Center Inc			
PM Forney MOB LP			
City Bank			
Wells Fargo			
Starplex Operating LP			
Country Home Investments Inc.			
	$ 198,733,170		11.91%

Source: Kaufman County Appraisal District

Assessed Taxable Value 2010 Fiscal Year	Rank	Percentage of Assessed Taxable Value
$ 11,943,010	1	1.37%
10,784,220	2	1.24%
8,902,900	3	1.02%
8,023,000	4	0.92%
7,325,760	5	0.84%
6,620,930	6	0.76%
5,089,140	7	0.59%
5,021,130	8	0.58%
4,674,350	9	0.54%
4,178,890	10	0.48%
$ 72,563,330		8.34%

CITY OF FORNEY, TEXAS **TABLE 9**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amounts	% of Levy
2010	6,234,514	6,168,880	98.95%	18,366	6,187,246	99.2%
2011	6,457,831	6,377,676	98.76%	28,244	6,405,920	99.2%
2012	6,534,626	6,480,473	99.38%	54,153	6,534,626	100.0%
2013	7,453,761	7,022,474	94.21%	80,054	7,102,528	95.3%
2014	7,246,254	7,168,440	98.92%	45,098	7,213,538	99.5%
2015	7,568,618	7,508,432	99.20%	60,185	7,568,618	100.0%
2016	7,970,603	7,881,801	98.89%	88,802	7,970,603	100.0%
2017	8,317,470	8,135,586	97.81%	181,884	8,317,470	100.0%
2018	9,134,346	8,928,080	97.74%	206,266	9,134,346	100.0%
2019	10,219,571	10,154,248	99.36%	65,324	10,219,571	100.0%

Source: Kaufman County Appraisal District

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CITY OF FORNEY, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Tax Notes	Pass - Through Bond	Premiums/ Discounts
2010	25,710,000	5,890,440	540,427	-	39,605,000	-
2011	25,160,000	5,591,183	599,151	-	38,405,000	-
2012	24,440,000	5,285,682	492,813	-	38,405,000	-
2013	28,060,000	6,693,936	319,633	-	35,487,944	-
2014	26,925,000	6,232,823	277,247	-	32,895,000	-
2015	27,485,479	9,505,000	233,813	-	29,860,000	1,117,561
2016	23,555,000	11,500,000	189,305	-	26,270,000	1,413,881
2017	22,110,000	10,995,000	143,708	2,055,000	22,145,000	2,556,366
2018	20,255,000	10,470,000	445,729	1,780,000	18,565,000	2,304,821
2019	18,355,000	9,930,000	356,031	1,505,000	14,980,000	2,053,273

Business-Type Activities						
General Obligation Bond	Certificates of Obligation	Other Obligations	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
-	5,133,817	245,507	-	77,125,191	18.09%	4,889
-	6,294,318	64,065	-	76,113,717	20.18%	5,430
-	5,956,064	12,860	-	74,592,419	20.11%	5,285
1,465,000	5,732,177	-	-	77,758,690	18.07%	4,868
1,295,000	6,617,177	-	-	74,242,247	17.37%	2,756
3,765,000	2,854,521	-	41,008	74,862,382	18.07%	4,868
3,145,000	2,425,000	-	36,907	68,535,093	13.76%	2,413
2,730,000	2,300,000	-	32,806	65,067,880	13.88%	2,655
2,310,000	2,170,000	-	28,705	58,329,255	11.67%	2,372
1,870,000	2,040,000	-	24,604	51,113,908	7.69%	1,805

CITY OF FORNEY, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population[1]	Assessed Value[2]	Gross Bonded Debt[3]	Less Debt Service Funds
2010	14,661	931,552,466	47,193,014	2,336,518
2011	15,060	928,870,824	44,872,186	3,390,403
2012	15,300	942,403,016	42,415,645	2,051,999
2013	15,870	947,155,039	48,972,969	3,068,728
2014	16,000	967,431,252	45,909,241	3,118,168
2015	16,800	1,047,122,752	49,083,727	3,294,791
2016	18,418	1,149,202,404	40,080,788	3,369,738
2017	19,122	1,277,317,236	41,229,172	3,414,381
2018	20,336	1,486,020,609	38,063,526	3,628,463
2019	23,470	1,668,601,991	47,179,304	3,513,061

Source:
[1] City Staff
[2] Kaufman County Appraisal District
[3] Schedule of Bonds Payable and Total Bonds for Fiscal Year (does not include debt to be reimbursed by TxDOT with pass-through usage)

Net Bonded Debt	% of Net Bonded Debt of Assessed Value	Net Bonded Debt per Capita
44,856,496	4.82%	3,060
41,481,783	4.47%	2,754
40,363,646	4.28%	2,638
45,904,241	4.85%	2,893
42,791,073	4.42%	2,674
45,788,936	4.37%	2,726
36,711,050	3.19%	1,993
37,814,791	2.96%	1,978
34,435,063	2.32%	1,693
43,666,243	2.62%	1,861

CITY OF FORNEY, TEXAS **TABLE 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2019
(UNAUDITED)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Forney Independent School District	$ 281,424,541	37.84%	$ 106,491,046
Kaufman County	59,287,925	17.43%	10,333,885
	340,712,466		116,824,932
City of Forney			47,179,304
			164,004,236
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			9.83%
Per capita overlapping bonded debt			$ 6,988

Source: "Texas Municipal Report" as of September 30, 2019, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that are borne by the residents and businesses of the City of Forney. This process recognizes that, when considered the City of Forney's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Forney's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF FORNEY, TEXAS **TABLE 13**

LEGAL DEBT MARGIN INFORMATION

SEPTEMBER 30, 2019
(UNAUDITED)

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt services, as calculated at the time of issuance and based on a 90% collection rate.

Allowable levy per $100 Valuation	$1.50
Levy for Debt Service	0.227874
Percentage of allowable levy used	15.19%

CITY OF FORNEY, TEXAS **TABLE 14**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population [1]	Personal Income [2]	Per Capita Income	Average Age [3]	Grade School Enrollment [4]	Unemployment Rate [5]
2010	14,661	421,635,699	28,759	33.85	7,795	3.85%
2011	15,060	405,204,360	26,906	33.85	8,087	6.50%
2012	15,300	402,145,200	26,284	34.20	8,288	7.50%
2013	15,870	427,506,060	26,938	31.70	8,488	7.70%
2014	16,000	465,120,000	29,070	32.60	8,945	4.80%
2015	16,800	498,110,000	28,405	33.60	8,995	6.90%
2016	18,418	540,249,000	29,323	31.30	9,281	6.60%
2017	19,122	468,641,976	24,508	30.50	9,707	3.56%
2018	20,336	500,000,000	24,587	30.50	10,198	3.56%
2019	23,470	664,482,640	28,312	30.30	11,714	3.10%

Sources:
[1] EDC - Claritas
[2] EDC - Claritas
[3] EDC - Claritas
[4] Forney ISD
[5] Texas Workforce Commission

CITY OF FORNEY, TEXAS **TABLE 15**

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2019			2010		
Name of Employer	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
Forney Independent School District	1,390	1	19.49%	1,150	1	20.81%
WalMart	398	2	5.58%	360	2	6.52%
Smurfit Kappa	260	3	3.65%	300	3	5.43%
Intex Electric	250	4	3.51%	112	6	2.03%
Kroger Marketplace	222	5	3.11%			
Steve Silver Company	200	6	2.80%	150	4	2.71%
Lowe's Home Improvement	165	7	2.31%	120	5	2.17%
City of Forney	161	8	2.26%	101	7	1.83%
Ridgecrest Healthcare & Rehab	160	9	2.24%			
ABOX Packaging	120	10	1.68%			
Eric L Davis Engineering	66	11	0.93%			
Brookshire's Grocery	65	12	0.91%	80	8	1.45%
Emergicon	60	13	0.84%			
Three Forks Senior Living	57	14	0.80%			
Nav-Central	50	15	0.70%			
Classic Industries	48	16	0.67%	75	9	1.36%
Dal-Bac	40	17	0.56%			
Aircraft Ducting Repair Inc	40	18	0.56%			
Luminant	37	19	0.52%			
Care United	30	20	0.42%			
Forney Wellness	29	21	0.41%			
Oncor Electric Delivery	29	22	0.41%			
Texas Lamp	22	23	0.31%			
Baylor Scott & White Emergency	15	24	0.21%			
Premier Services				65	10	1.18%
Totals	3,914		54.89%	2,513		45.48%
Total employment within City	7,131			5,525		

Source: Forney Economic Development Corporation and employer records

CITY OF FORNEY, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2010	2011	2012	2013
General Government	12.00	12.00	24.00	24.00
Public Safety:				
Municipal Court	2.50	2.00	2.50	2.50
Police	33.50	33.00	36.00	36.00
Fire	14.00	14.00	17.00	24.00
Animal Control	2.00	2.00	2.00	2.00
Public Works	13.00	12.00	8.00	9.00
Parks and Recreation	8.00	8.00	8.00	8.00
Water and Sewer Systems	16.00	16.00	11.50	12.00
Total	101.00	99.00	109.00	117.50

2014	2015	2016	2017	2018	2019
25.00	26.00	30.00	36.00	40.00	46.00
2.63	2.63	2.63	2.63	3.00	3.00
39.63	41.63	43.00	46.00	47.00	47.00
24.00	24.00	27.50	31.00	38.00	38.00
2.00	2.00	3.00	3.00	3.00	3.00
8.00	8.00	5.00	7.00	7.00	6.00
9.00	9.00	9.00	9.00	12.00	12.00
13.00	13.00	15.00	13.00	11.00	11.00
123.26	126.26	135.13	147.63	161.00	166.00

CITY OF FORNEY, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year		
	2010	2011	2012
Function/Program			
Public Safety			
Municipal Court			
Number of cases filed	180	123	157
Police			
Physical Arrests	645	574	645
Traffic Violations	1,485	2,175	1,973
Fire			
Number of calls answered	3,180	3,428	3,410
Animal Control			531
Number of calls	1,457	939	
Public Works			
Streets maintained	59	150	150
Water and Wastewater			
New connections	128	135	64
Annual gallons of water pumped (millions)	1,485	1,862	1,450
Miles of water mains maintained	101	103	105

TABLE 17

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
211	328	625	2,608	1,558	1,955	2,892
764	807	635	748	528	737	767
1,681	2,346	2,129	1,804	1,455	2,247	2,299
3,464	3,441	3,261	4,066	5,427	6,222	6,400
512	1,856	1,584	825	774	1,101	1,106
150	150	150	152	113	95	99
212	151	113	120	242	371	165
1,369	1,370	1,558	1,849	1,750	1,956	2,043
105	105	108	108	113	115	122

CITY OF FORNEY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Function/Program				
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	22	24	24	23
Fire				
Stations	1	1	1	1
Public Works				
Streets (miles)	58	150	150	150
Parks and Recreation				
Parks (acreage)	225	225	258	258
Number of playgrounds	6	6	6	6
Water and Wastewater				
Water main (miles)	101	101	105	105
Sewer mains (miles)	79	79	75	75
Storm drainage (miles)	19	19	19	19

Source: City departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
24	24	26	14	13	15
1	1	1	2	2	2
150	150	152	113	95	99
258	258	258	274	262	262
6	6	6	6	6	6
105	105	108	113	115	122
75	75	93	93	113	118
19	19	19	33	33	36

INTERNAL CONTROL AND COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of Forney, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Forney, Texas' basic financial statements, and have issued our report thereon dated February 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Forney, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Forney, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Forney, Texas' internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Forney, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 11, 2020